

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1377

(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalty; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in

1 its student count for the purposes of computing an increase in its revenue
2 control limit and district support level as provided in section 15-948.

3 5. A school district that sponsors a charter school is not eligible to
4 include the charter school pupils in its student count for the purpose of
5 computing an increase in its capital outlay revenue limit as provided in
6 section 15-961, subsection C, except that if the charter school was
7 previously a school in the district, the district may include in its student
8 count any charter school pupils who were enrolled in the school district in
9 the prior year.

10 6. A school district that sponsors a charter school is not eligible to
11 include the charter school pupils in its student count for the purpose of
12 computing the revenue control limit which is used to determine the maximum
13 budget increase as provided in chapter 4, article 4 of this title unless the
14 charter school is located within the boundaries of the school district.

15 7. If a school district converts one or more of its district public
16 schools to a charter school and receives assistance as prescribed in
17 subsection B, paragraph 4 of this section, and subsequently converts the
18 charter school back to a district public school, the school district shall
19 repay the state the total additional assistance received for the charter
20 school for all years that the charter school was in operation. The repayment
21 shall be in one lump sum and shall be reduced from the school district's
22 current year equalization assistance. The school district's general budget
23 limit shall be reduced by the same lump sum amount in the current year.

24 B. Financial provisions for a charter school that is sponsored by the
25 state board of education or the state board for charter schools are as
26 follows:

27 1. The charter school shall calculate a base support level as
28 prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 ~~and 15-942~~
29 ~~do~~ DOES not apply to these charter schools.

30 2. Notwithstanding paragraph 1 of this subsection, the student count
31 shall be determined initially using an estimated student count based on
32 actual registration of pupils before the beginning of the school year. After
33 the first one hundred days or two hundred days in session, as applicable, the
34 charter school shall revise the student count to be equal to the actual
35 average daily membership, as defined in section 15-901, or the adjusted
36 average daily membership, as prescribed in section 15-902, of the charter
37 school. Before the one hundredth day or two hundredth day in session, as
38 applicable, the state board of education or the state board for charter
39 schools may require a charter school to report periodically regarding pupil
40 enrollment and attendance and the department of education may revise its
41 computation of equalization assistance based on the report. A charter school
42 shall revise its student count, base support level and additional assistance
43 before May 15. A charter school that overestimated its student count shall
44 revise its budget before May 15. A charter school that underestimated its
45 student count may revise its budget before May 15.

46 3. A charter school may utilize section 15-855 for the purposes of
47 this section. The charter school and the department of education shall

1 prescribe procedures for determining average daily attendance and average
2 daily membership.

3 4. Equalization assistance for the charter school shall be determined
4 by adding the amount of the base support level and additional assistance.
5 The amount of the additional assistance is one thousand four hundred
6 ~~forty-five~~ SEVENTY-FOUR dollars ~~twenty-five~~ SIXTEEN cents per student count
7 in kindergarten programs and grades one through eight and one thousand ~~six~~
8 SEVEN hundred ~~eighty-four~~ EIGHTEEN dollars ~~forty-one~~ TEN cents per student
9 count in grades nine through twelve.

10 5. The state board of education shall apportion state aid from the
11 appropriations made for such purposes to the state treasurer for disbursement
12 to the charter schools in each county in an amount as determined by this
13 paragraph. The apportionments shall be made in twelve equal installments of
14 the total amount to be apportioned during the fiscal year on the fifteenth
15 day of each month of the fiscal year.

16 6. Notwithstanding paragraph 5 of this subsection, if sufficient
17 appropriated monies are available after the first forty days in session of
18 the current year, a charter school may request additional state monies to
19 fund the increased state aid due to anticipated student growth through the
20 first one hundred days or two hundred days in session, as applicable, of the
21 current year as provided in section 15-948. In no event shall a charter
22 school have received more than three-fourths of its total apportionment
23 before April 15 of the fiscal year. Early payments pursuant to this
24 subsection must be approved by the state treasurer, the director of the
25 department of administration and the superintendent of public instruction.

26 7. The charter school shall not charge tuition, levy taxes or issue
27 bonds.

28 8. Not later than noon on the day preceding each apportionment date
29 established by paragraph 5 of this subsection, the superintendent of public
30 instruction shall furnish to the state treasurer an abstract of the
31 apportionment and shall certify the apportionment to the department of
32 administration, which shall draw its warrant in favor of the charter schools
33 for the amount apportioned.

34 C. If a pupil is enrolled in both a charter school and a public school
35 that is not a charter school, the sum of the daily membership, which includes
36 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
37 subdivisions (a) and (b) and daily attendance as prescribed in section
38 15-901, subsection A, paragraph 6, for that pupil in the school district and
39 the charter school shall not exceed 1.0, except that if the pupil is enrolled
40 in both a charter school and a joint technological education district and
41 resides within the boundaries of a school district participating in the joint
42 technological education district, the sum of the average daily membership for
43 that pupil in the charter school and the joint technological education
44 district shall not exceed 1.25. If a pupil is enrolled in both a charter
45 school and a public school that is not a charter school, the department of
46 education shall direct the average daily membership to the school with the
47 most recent enrollment date. Upon validation of actual enrollment in both a
48 charter school and a public school that is not a charter school and if the

1 sum of the daily membership or daily attendance for that pupil is greater
2 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
3 the public school and the charter school based on the percentage of total
4 time that the pupil is enrolled or in attendance in the public school and the
5 charter school, except that if the pupil is enrolled in both a charter school
6 and a joint technological education district and resides within the
7 boundaries of a school district participating in the joint technological
8 education district, the sum of the average daily membership for that pupil in
9 the charter school and the joint technological education district shall be
10 reduced to 1.25 and shall be apportioned between the charter school and the
11 joint technological education district based on the percentage of total time
12 that the pupil is enrolled or in attendance in the charter school and the
13 joint technological education district. The uniform system of financial
14 records shall include guidelines for the apportionment of the pupil
15 enrollment and attendance as provided in this section.

16 D. Charter schools are allowed to accept grants and gifts to
17 supplement their state funding, but it is not the intent of the charter
18 school law to require taxpayers to pay twice to educate the same pupils. The
19 base support level for a charter school or for a school district sponsoring a
20 charter school shall be reduced by an amount equal to the total amount of
21 monies received by a charter school from a federal or state agency if the
22 federal or state monies are intended for the basic maintenance and operations
23 of the school. The superintendent of public instruction shall estimate the
24 amount of the reduction for the budget year and shall revise the reduction to
25 reflect the actual amount before May 15 of the current year. If the
26 reduction results in a negative amount, the negative amount shall be used in
27 computing all budget limits and equalization assistance, except that:

28 1. Equalization assistance shall not be less than zero.

29 2. For a charter school sponsored by the state board of education or
30 the state board for charter schools, the total of the base support level, the
31 capital outlay revenue limit, the soft capital allocation and the additional
32 assistance shall not be less than zero.

33 3. For a charter school sponsored by a school district, the base
34 support level for the school district shall not be reduced by more than the
35 amount that the charter school increased the district's base support level,
36 capital outlay revenue limit and soft capital allocation.

37 E. If a charter school was a district public school in the prior year
38 and is now being operated for or by the same school district and sponsored by
39 the state board of education, the state board for charter schools or a school
40 district governing board, the reduction in subsection D of this section
41 applies. The reduction to the base support level of the charter school or
42 the sponsoring district of the charter school shall equal the sum of the base
43 support level and the additional assistance received in the current year for
44 those pupils who were enrolled in the traditional public school in the prior
45 year and are now enrolled in the charter school in the current year.

46 F. Equalization assistance for charter schools shall be provided as a
47 single amount based on average daily membership without categorical
48 distinctions between maintenance and operations or capital.

1 G. At the request of a charter school, the county school
2 superintendent of the county where the charter school is located may provide
3 the same educational services to the charter school as prescribed in section
4 15-308, subsection A. The county school superintendent may charge a fee to
5 recover costs for providing educational services to charter schools.

6 H. If the sponsor of the charter school determines at a public meeting
7 that the charter school is not in compliance with federal law, with the laws
8 of this state or with its charter, the sponsor of a charter school may submit
9 a request to the department of education to withhold up to ten per cent of
10 the monthly apportionment of state aid that would otherwise be due the
11 charter school. The department of education shall adjust the charter
12 school's apportionment accordingly. The sponsor shall provide written notice
13 to the charter school at least seventy-two hours before the meeting and shall
14 allow the charter school to respond to the allegations of noncompliance at
15 the meeting before the sponsor makes a final determination to notify the
16 department of education of noncompliance. The charter school shall submit a
17 corrective action plan to the sponsor on a date specified by the sponsor at
18 the meeting. The corrective action plan shall be designed to correct
19 deficiencies at the charter school and to ensure that the charter school
20 promptly returns to compliance. When the sponsor determines that the charter
21 school is in compliance, the department of education shall restore the full
22 amount of state aid payments to the charter school.

23 I. In addition to the withholding of state aid payments pursuant to
24 subsection H of this section, the sponsor of a charter school may impose a
25 civil penalty of one thousand dollars per occurrence if a charter school
26 fails to comply with the fingerprinting requirements prescribed in section
27 15-183, subsection C or section 15-512. The sponsor of a charter school
28 shall not impose a civil penalty if it is the first time that a charter
29 school is out of compliance with the fingerprinting requirements and if the
30 charter school provides proof within forty-eight hours of written
31 notification that an application for the appropriate fingerprint check has
32 been received by the department of public safety. The sponsor of the charter
33 school shall obtain proof that the charter school has been notified and the
34 notification shall identify the date of the deadline and shall be signed by
35 both parties. The sponsor of a charter school shall automatically impose a
36 civil penalty of one thousand dollars per occurrence if the sponsor
37 determines that the charter school subsequently violates the fingerprinting
38 requirements. Civil penalties pursuant to this ~~section~~ SUBSECTION shall be
39 assessed by requesting the department of education to reduce the amount of
40 state aid that the charter school would otherwise receive by an amount equal
41 to the civil penalty. The amount of state aid withheld shall revert to the
42 state general fund at the end of the fiscal year.

43 J. A charter school may receive and spend monies distributed by the
44 department of education pursuant to section 42-5029, subsection E and section
45 37-521, subsection B.

46 K. For the purposes of this section:

47 1. "Monies intended for the basic maintenance and operations of the
48 school" means monies intended to provide support for the educational program

1 of the school, except that it does not include supplemental assistance for a
2 specific purpose or P.L. 81-874 monies. The auditor general shall determine
3 which federal or state monies meet the definition in this paragraph.

4 2. "Operated for or by the same school district" means the charter
5 school is either governed by the same district governing board or operated by
6 the district in the same manner as other traditional schools in the district
7 or is operated by an independent party that has a contract with the school
8 district. The auditor general and the department of education shall
9 determine which charter schools meet the definition in this subsection.

10 Sec. 2. Section 15-302, Arizona Revised Statutes, is amended to read:

11 15-302. Powers and duties

12 A. The county school superintendent shall:

13 1. Distribute all laws, reports, circulars, instructions and forms
14 which he may receive for the use of school officers.

15 2. Record all official acts.

16 3. Appoint governing board members of school districts to fill all
17 vacancies, but the term of the appointment shall be until the next regular
18 election for governing board members, at which time a successor shall be
19 elected to serve the unexpired portion of the term. The county school
20 superintendent ~~may~~, if he deems it in the best interest of the community, ~~MAY~~
21 call a special election to fill the vacancies. If an election is called, the
22 newly elected member shall serve for the remainder of the unexpired portion
23 of the term.

24 4. Make reports, when directed by the superintendent of public
25 instruction, showing matters relating to schools in his county as may be
26 required on the forms furnished by the superintendent of public instruction.

27 5. Have such powers and perform such duties as otherwise prescribed by
28 law.

29 6. On or before October 1 of each year, make a report to the
30 superintendent of public instruction showing the amount of monies received
31 from state school funds, special school district taxes and other sources, the
32 total expenditures for school purposes and the balance on hand to the credit
33 of each school district at the close of the school year.

34 7. Contract with the board of supervisors for the board of supervisors
35 to conduct all regular school district elections.

36 8. Be responsible, in cooperation with the governing boards and the
37 board of supervisors, for all special school district elections.

38 9. Maintain teacher and administrator certification records of
39 effective dates and expiration dates of teachers' and administrators'
40 certificates in compliance with guidelines prescribed in the uniform system
41 of financial records for those school districts for which the county school
42 superintendent is the fiscal agent. The county school superintendent shall
43 not draw a warrant in payment of a teacher's, substitute teacher's or
44 administrator's salary unless the teacher, substitute teacher or
45 administrator is legally certified during the fiscal year in which the term
46 for payment is demanded.

47 10. Notify a school district three years before the expiration of a
48 revenue control limit override that the school district's budget must be

adjusted in the final two years of the override pursuant to section 15-481, ~~subsections~~ SUBSECTION ~~P- M and Q~~, if the voters do not approve another override.

11. In collaboration with the department of education and other state agencies, provide assistance to school districts and charter schools on the use of student data, staff development, curriculum alignment and technology to improve student performance.

12. Assist schools in meeting yearly adequate progress goals as defined by criteria established by the state board of education and implemented by the department of education.

B. At the request of school districts and charter schools, the county school superintendent may provide discretionary programs in addition to the programs prescribed in subsection A OF THIS SECTION.

C. The county school superintendent may provide the services prescribed in subsections A and B OF THIS SECTION in the county or jointly with two or more counties pursuant to title 11, chapter 7, article 3.

D. Each county school superintendent may establish an advisory committee to the office of the county school superintendent.

Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read:

15-393. Joint technological education district governing board; report; definition

A. The management and control of the joint district are vested in the joint technological education district governing board, including the content and quality of the courses offered by the district, the quality of teachers who provide instruction on behalf of the district, the salaries of teachers who provide instruction on behalf of the district and the reimbursement of other entities for the facilities used by the district. Unless the governing boards of the school districts participating in the formation of the joint district vote to implement an alternative election system as provided in subsection B of this section, the joint board shall consist of five members elected from five single member districts formed within the joint district. The single member district election system shall be submitted as part of the plan for the joint district pursuant to section 15-392 and shall be established in the plan as follows:

1. The governing boards of the school districts participating in the formation of the joint district shall define the boundaries of the single member districts so that the single member districts are as nearly equal in population as is practicable, except that if the joint district lies in part in each of two or more counties, at least one single member district may be entirely within each of the counties comprising the joint district if this district design is consistent with the obligation to equalize the population among single member districts.

2. The boundaries of each single member district shall follow election precinct boundary lines, as far as practicable, in order to avoid further segmentation of the precincts.

3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office

1 of the members of the joint board shall be as prescribed in section 15-427,
2 subsection B. An employee of a joint technological education district or the
3 spouse of an employee shall not hold membership on a governing board of a
4 joint technological education district by which the employee is employed. A
5 member of one school district governing board or joint technological
6 education district governing board is ineligible to be a candidate for
7 nomination or election to or serve simultaneously as a member of any other
8 governing board, except that a member of a governing board may be a candidate
9 for nomination or election for any other governing board if the member is
10 serving in the last year of a term of office. A member of a governing board
11 shall resign the member's seat on the governing board before becoming a
12 candidate for nomination or election to the governing board of any other
13 school district or joint technological education district, unless the member
14 of the governing board is serving in the last year of a term of office.

15 4. Nominating petitions shall be signed by the number of qualified
16 electors of the single member district as provided in section 16-322.

17 B. The governing boards of the school districts participating in the
18 formation of the joint district may vote to implement any other alternative
19 election system for the election of joint district board members. If an
20 alternative election system is selected, it shall be submitted as part of the
21 plan for the joint district pursuant to section 15-392, and the
22 implementation of the system shall be as approved by the United States
23 justice department.

24 C. The joint technological education district shall be subject to the
25 following provisions of this title:

- 26 1. Chapter 1, articles 1 through 6.
- 27 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 28 3. Articles 2, 3 and 5 of this chapter.
- 29 4. Section 15-361.
- 30 5. Chapter 4, articles 1, 2 and 5.
- 31 6. Chapter 5, articles 1, 2 and 3.
- 32 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
33 and 15-730.
- 34 8. Chapter 7, article 5.
- 35 9. Chapter 8, articles 1, 3 and 4.
- 36 10. Sections 15-828 and 15-829.
- 37 11. Chapter 9, article 1, article 6, except for section 15-995, and
38 article 7.
- 39 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 40 13. Sections 15-1101 and 15-1104.
- 41 14. Chapter 10, articles 2, 3, 4 and 8.

42 D. Notwithstanding subsection C of this section, the following apply
43 to a joint technological education district:

- 44 1. A joint district may issue bonds for the purposes specified in
45 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
46 aggregate, including the existing indebtedness, not exceeding one per cent of
47 the taxable property used for secondary tax purposes, as determined pursuant
48 to title 42, chapter 15, article 1, within the joint technological education

1 district as ascertained by the last property tax assessment previous to
2 issuing the bonds.

3 2. The number of governing board members for a joint district shall be
4 as prescribed in subsection A of this section.

5 3. If a career and technical education and vocational education course
6 or program provided pursuant to this article is provided in a facility owned
7 or operated by a school district in which a pupil is enrolled, including
8 satellite courses, the sum of the daily attendance, as provided in section
9 15-901, subsection A, paragraph 6, for that pupil in both the school district
10 and joint technological education district shall not exceed 1.25 and the sum
11 of the fractional student enrollment, as provided in section 15-901,
12 subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the
13 courses taken in the school district and the facility, including satellite
14 courses. The school district and the joint district shall determine the
15 apportionment of the daily attendance and fractional student enrollment for
16 that pupil between the school district and the joint district.

17 4. The student count for the first year of operation of a joint
18 technological education district as provided in this article shall be
19 determined as follows:

20 (a) Determine the estimated student count for joint district classes
21 that will operate in the first year of operation. This estimate shall be
22 based on actual registration of pupils as of March 30 scheduled to attend
23 classes that will be operated by the joint district. The student count for
24 the district of residence of the pupils registered at the joint district
25 shall be adjusted. The adjustment shall cause the district of residence to
26 reduce the student count for the pupil to reflect the courses to be taken at
27 the joint district. The district of residence shall review and approve the
28 adjustment of its own student count as provided in this subdivision before
29 the pupils from the school district can be added to the student count of the
30 joint district.

31 (b) The student count for the new joint district shall be the student
32 count as determined in subdivision (a) of this paragraph.

33 (c) After the first one hundred days or two hundred days in session,
34 as applicable, for the first year of operation, the joint district shall
35 revise the student count to the actual student count for students attending
36 classes in the joint district. A joint district shall revise its student
37 count, the base support level as provided in section 15-943.02, the revenue
38 control limit as provided in section 15-944.01, the capital outlay revenue
39 limit and the soft capital allocation as provided in section 15-962.01 prior
40 to May 15. A joint district that overestimated its student count shall
41 revise its budget prior to May 15. A joint district that underestimated its
42 student count may revise its budget prior to May 15.

43 (d) After the first one hundred days or two hundred days in session,
44 as applicable, for the first year of operation, the district of residence
45 shall adjust its student count by reducing it to reflect the courses actually
46 taken at the joint district. The district of residence shall revise its
47 student count, the base support level as provided in section 15-943, the
48 revenue control limit as provided in section 15-944, the capital outlay

1 revenue limit as provided in section 15-961 and the soft capital allocation
2 as provided in section 15-962 prior to May 15. A district that
3 underestimated the student count for students attending the joint district
4 shall revise its budget prior to May 15. A district that overestimated the
5 student count for students attending the joint district may revise its budget
6 prior to May 15.

7 (e) A joint district for the first year of operation shall not be
8 eligible for adjustment pursuant to section 15-948.

9 (f) The procedures for implementing this paragraph shall be as
10 prescribed in the uniform system of financial records.

11 ~~(g) If the district of residence utilizes section 15-942 to determine~~
12 ~~its student count, the district shall reduce its student count as provided in~~
13 ~~this paragraph by subtracting the appropriate count from the student count~~
14 ~~determined as provided in section 15-942.~~

15 For the purposes of this paragraph, "district of residence" means the
16 district that included the pupil in its average daily membership for the year
17 before the first year of operation of the joint district and that would have
18 included the pupil in its student count for the purposes of computing its
19 base support level for the fiscal year of the first year of operation of the
20 joint district if the pupil had not enrolled in the joint district.

21 5. A student includes any person enrolled in the joint district
22 without regard to the person's age or high school graduation status, except
23 that:

24 (a) A student in a kindergarten program or in grades one through eight
25 who enrolls in courses offered by the joint technological education district
26 shall not be included in the joint district's average daily attendance or
27 average daily membership.

28 (b) A student in a kindergarten program or in grades one through eight
29 who is enrolled in vocational education courses shall not be funded in whole
30 or in part with monies provided by a joint technological education district.

31 (c) A student who is over twenty-two years of age shall not be
32 included in the student count of the joint district for the purposes of
33 chapter 9, articles 3, 4 and 5 of this title.

34 (d) A student in grade nine who enrolls in a career exploration course
35 shall not be included in the joint district's average daily attendance or
36 average daily membership.

37 6. A joint district may operate for more than one hundred seventy-five
38 days per year, with expanded hours of service.

39 7. A joint district may use the excess utility costs provisions of
40 section 15-910 in the same manner as a school district for fiscal years
41 1999-2000 and 2000-2001, except that the base year shall be the first full
42 fiscal year of operations.

43 8. A joint district may use the carryforward provisions of section
44 15-943.01 retroactively to July 1, 1993.

45 9. A school district that is part of a joint district shall use any
46 monies received pursuant to this article to supplement and not supplant base
47 year career and technical education and vocational education courses, and
48 directly related equipment and facilities, except that a school district that

1 is part of a joint technological education district and that has used monies
2 received pursuant to this article to supplant career and technological
3 education and vocational education courses that were offered before the first
4 year that the school district participated in the joint district or the first
5 year that the school district used monies received pursuant to this article
6 or that used the monies for purposes other than for career and technological
7 education and vocational education courses shall:

8 (a) Use at least thirty-three per cent of the monies received pursuant
9 to this article in fiscal year 2005-2006 to supplement and not supplant base
10 year career and technical education and vocational education courses.

11 (b) Use at least sixty-six per cent of the monies received pursuant to
12 this article in fiscal year 2006-2007 to supplement and not supplant base
13 year career and technical education and vocational education courses.

14 (c) Use one hundred per cent of the monies received pursuant to this
15 article in fiscal year 2007-2008 and each fiscal year thereafter to
16 supplement and not supplant base year career and technical education and
17 vocational education courses.

18 10. A joint technological education district shall use any monies
19 received pursuant to this article to enhance and not supplant career and
20 technical education and vocational education courses and directly related
21 equipment and facilities.

22 11. A joint technological education district or a school district that
23 is part of a joint district shall only include pupils in grades nine through
24 twelve in the calculation of average daily membership or average daily
25 attendance if the pupils are enrolled in courses that are approved jointly by
26 the governing board of the joint technological education district and each
27 participating school district for satellite courses taught within the
28 participating school district, or approved solely by the joint technological
29 education district for centrally located courses. Average daily membership
30 and average daily attendance from courses that are not part of an approved
31 program for career and technical education shall not be included in average
32 daily membership and average daily attendance of a joint technological
33 education district. A student in grade nine who enrolls in a career
34 exploration course shall not be included in the joint district's average
35 daily attendance or average daily membership.

36 E. The joint board shall appoint a superintendent as the executive
37 officer of the joint district.

38 F. Taxes may be levied for the support of the joint district as
39 prescribed in chapter 9, article 6 of this title, except that a joint
40 technological education district shall not levy a property tax pursuant to
41 law that exceeds five cents per one hundred dollars assessed valuation except
42 for bond monies pursuant to subsection D, paragraph 1 of this section.
43 Except for the taxes levied pursuant to section 15-994, such taxes shall be
44 obtained from a levy of taxes on the taxable property used for secondary tax
45 purposes.

46 G. The schools in the joint district are available to all persons who
47 reside in the joint district subject to the rules for admission prescribed by
48 the joint board.

1 H. The joint board may collect tuition for adult students and the
2 attendance of pupils who are residents of school districts that are not
3 participating in the joint district pursuant to arrangements made between the
4 governing board of the district and the joint board.

5 I. The joint board may accept gifts, grants, federal monies, tuition
6 and other allocations of monies to erect, repair and equip buildings and for
7 the cost of operation of the schools of the joint district.

8 J. One member of the joint board shall be selected chairman. The
9 chairman shall be selected annually on a rotation basis from among the
10 participating school districts. The chairman of the joint board shall be a
11 voting member.

12 K. A joint board and a community college district may enter into
13 agreements for the provision of administrative, operational and educational
14 services and facilities.

15 L. Any agreement between the governing board of a joint technological
16 education district and another joint technological education district, a
17 school district, a charter school or a community college district shall be in
18 the form of an intergovernmental agreement or other written contract. The
19 auditor general shall modify the uniform system of financial records and
20 budget forms in accordance with this subsection. The intergovernmental
21 agreement or other written contract shall completely and accurately specify
22 each of the following:

23 1. The financial provisions of the intergovernmental agreement or
24 other written contract and the format for the billing of all services.

25 2. The accountability provisions of the intergovernmental agreement or
26 other written contract.

27 3. The responsibilities of each joint technological education
28 district, each school district, each charter school and each community
29 college district that is a party to the intergovernmental agreement or other
30 written contract.

31 4. The type of instruction that will be provided under the
32 intergovernmental agreement or other written contract.

33 5. The quality of the instruction that will be provided under the
34 intergovernmental agreement or other written contract.

35 6. The transportation services that will be provided under the
36 intergovernmental agreement or other written contract and the manner in which
37 transportation costs will be paid.

38 7. The amount that the joint technological education district will
39 contribute to a course and the amount of support required by the school
40 district or the community college.

41 8. That the services provided by the joint technological education
42 district, the school district, the charter school or the community college
43 district be proportionally calculated in the cost of delivering the service.

44 9. That the payment for services shall not exceed the cost of the
45 services provided.

46 10. That any initial intergovernmental agreement or other written
47 contract and any addendums between the governing board of a joint
48 technological education district and another joint technological education

1 district, a school district, a charter school or a community college district
2 be submitted by the joint technological education district to the joint
3 legislative budget committee for review.

4 M. On or before December 31 of each year, each joint technological
5 education district shall submit a detailed report to the career and technical
6 education division of the department of education. The career and technical
7 education division of the department of education shall collect, summarize
8 and analyze the data submitted by the joint districts, shall submit an annual
9 report that summarizes the data submitted by the joint districts to the
10 governor, the speaker of the house of representatives, the president of the
11 senate and the state board of education and shall submit a copy of this
12 report to the secretary of state and the director of the Arizona state
13 library, archives and public records. The data submitted by each joint
14 technological education district shall include the following:

- 15 1. The average daily membership of the joint district.
- 16 2. The course listings and course descriptions of courses offered by
17 the joint district.
- 18 3. The costs associated with each course offered by the joint
19 district.
- 20 4. The completion rate for each course offered by the joint district.
- 21 5. The graduation rate of students enrolled in the joint district.
- 22 6. A detailed description of the career opportunities available to
23 students after completion of the program offered by the joint district.
- 24 7. A detailed description of the career placement of students who have
25 completed the program offered by the joint district.
- 26 8. Any other data deemed necessary by the department of education to
27 carry out its duties under this subsection.

28 N. If the career and technical education division of the department of
29 education determines that a course does not meet the criteria for approval as
30 a joint technical education course, the governing board of the joint
31 technological education district may appeal this decision to the state board
32 of education acting as the state board of vocational education.

33 O. Notwithstanding any other law, the average daily membership of a
34 pupil who is enrolled in a course that meets for at least one hundred fifty
35 minutes per class period at a centralized campus owned and operated by a
36 joint technological education district shall be 0.75.

37 P. For the purposes of this section, "base year" means the complete
38 school year in which voters of a school district elected to join a joint
39 technological education district.

40 Sec. 4. Section 15-448, Arizona Revised Statutes, is amended to read:

41 15-448. Formation of unified school district: board membership:
42 budget

43 A. One or more common school districts and a high school district with
44 coterminous or overlapping boundaries may establish a unified school district
45 pursuant to this section. Unification of a common school district and a high
46 school district is not authorized by this section if any of the high school
47 facilities owned by the new unified school district would not be located
48 within its boundaries.

1 B. Formation of a unified school district shall be by resolutions
2 approved by the governing boards of the unifying school districts and
3 certification of approval by such governing boards to the county school
4 superintendent of the county or counties in which such individual school
5 districts are located. A common school district and high school district
6 that unify pursuant to this section shall not exclude from the same
7 unification a common school district that has overlapping boundaries with the
8 high school district and that wishes to unify. The formation of a unified
9 school district shall become effective on July 1 of the next fiscal year
10 following the certification of the county school superintendent. An election
11 shall not be required to form a unified school district pursuant to this
12 section. At least ninety days before the governing boards vote on the
13 resolutions prescribed in this subsection, the governing boards shall mail a
14 pamphlet to each household with one or more qualified electors that shall
15 list the full cash value, the assessed valuation and the estimated amount of
16 the primary property taxes and the estimated amount of the secondary property
17 taxes under the proposed unification for each of the following:

18 1. An owner occupied residence whose assessed valuation is the average
19 assessed valuation of property classified as class three, as prescribed by
20 section 42-12003 for the current year in the school district.

21 2. An owner occupied residence whose assessed valuation is one-half of
22 the assessed valuation of the residence in paragraph 1 of this subsection.

23 3. An owner occupied residence whose assessed valuation is twice the
24 assessed valuation of the residence in paragraph 1 of this subsection.

25 4. A business whose assessed valuation is the average of the assessed
26 valuation of property classified as class one, as prescribed by section
27 42-12001, paragraphs 12 and 13 for the current year in the school district.

28 C. The boundaries of the unified school district shall be the
29 boundaries of the former common school district or districts that unify. The
30 boundaries of the common school district or districts that are not unifying
31 remain unchanged. The county school superintendent, immediately upon receipt
32 of the approved resolutions prescribed by subsection B of this section, shall
33 file with the board of supervisors, the county assessor and the
34 superintendent of public instruction a transcript of the boundaries of the
35 unified school district. The boundaries shown in the transcript shall become
36 the legal boundaries of the school districts on July 1 of the next fiscal
37 year.

38 D. On formation of the unified school district, the governing board
39 consists of the members of the former school district governing boards and
40 the members shall hold office until January 1 following the first general
41 election after formation of the district.

42 E. Beginning on January 1 following the first general election after
43 formation of the unified school district, the governing board shall have five
44 members. At the first general election after the formation of the district,
45 members shall be elected in the following manner:

46 1. The three candidates receiving the highest, the second highest and
47 the third highest number of votes shall be elected to four year terms.

1 2. The two candidates receiving the fourth and fifth highest number of
2 votes shall be elected to two year terms. Thereafter all offices shall have
3 four year terms.

4 F. The new unified school district may appoint a resident of the
5 remaining common school district to serve as a nonvoting member of the
6 governing board to represent the interests of the high school pupils who
7 reside in the remaining common school district and who attend school in the
8 unified school district.

9 G. For the first year of operation, the unified school district
10 governing board shall prepare a consolidated budget based on the student
11 counts from the school districts comprising the unified school district,
12 except that for purposes of determining budget amounts and equalization
13 assistance, the student count for the former high school district shall not
14 include the prior year average daily membership attributable to high school
15 pupils from a common school district that was part of the former high school
16 district but is not part of the unified school district. The unified school
17 district shall charge the remaining common school district tuition for these
18 pupils as provided in subsection J of this section ~~and shall not include such~~
19 ~~pupils for the purpose of making any adjustment for rapid decline in student~~
20 ~~count pursuant to section 15-942.~~ The unified school district may budget for
21 unification assistance pursuant to section 15-912.01.

22 H. The governing board of the unified school district shall prepare
23 policies, curricula and budgets for the district. These policies shall
24 require that:

25 1. The base compensation of each certificated teacher for the first
26 year of operation of the new unified school district shall not be lower than
27 the certificated teacher's base compensation for the prior year in the
28 previously existing school districts.

29 2. The certificated teacher's years of employment in the previously
30 existing school districts shall be included in determining the teacher's
31 certificated years of employment in the new unified school district.

32 I. Upon formation of a unified school district any existing override
33 authorization of the former high school district and the former common school
34 district or districts shall continue until expiration based on the revenue
35 control limit of the school district or districts that had override
36 authorization prior to unification. The unified school district may request
37 new override authorization for the budget year as provided in section 15-481
38 based on the combined revenue control limit of the new district after
39 unification. If the unified school district's request for override
40 authorization is approved, it will replace any existing override for the
41 budget year.

42 J. The unified school district shall admit high school pupils who
43 reside in a common school district that was located within the boundaries of
44 the former high school district. Tuition shall be paid to the unified school
45 district by the common school district in which such pupils reside. Such
46 tuition amount shall be calculated in accordance with section 15-824, subject
47 to the following modifications:

1 1. If the former high school district had outstanding bonded
2 indebtedness at the time of unification, the combined tuition for the group
3 of high school pupils who ~~reside~~ RESIDES in each common school district shall
4 include a debt service amount for the former high school district's
5 outstanding bonded indebtedness that is determined as follows:

6 (a) Divide the total secondary assessed valuation of the common school
7 district in which the group of pupils reside by the total secondary assessed
8 valuation of the former high school district. For the purposes of this
9 subdivision, "secondary assessed valuation" means secondary assessed
10 valuation for the tax year prior to the year when the unification occurs and
11 includes the values used to determine voluntary contributions collected
12 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

13 (b) Multiply the quotient obtained in subdivision (a) by the unified
14 school district's annual debt service expenditure.

15 2. The debt service portion of such tuition payments calculated
16 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
17 service of the outstanding bonded indebtedness of the former high school
18 district. When such indebtedness is fully extinguished, the debt service
19 portion of a pupil's tuition shall be determined in accordance with paragraph
20 3 of this subsection.

21 3. If the former high school district had no outstanding bonded
22 indebtedness at the time of unification, the tuition calculation shall
23 include the actual school district expenditures for the portion of any debt
24 service of the unified school district that pertains to any construction or
25 renovation of high school facilities divided by the school district's student
26 count for the high school portion of the school district.

27 4. The unified school district shall not include in the tuition
28 calculation any debt service that pertains to any construction or renovation
29 of school facilities for preschool through grade eight.

30 5. Notwithstanding section 15-951, subsection ~~H~~ G, the revenue
31 control limit of the common school district shall include the full amount of
32 the debt service portion of the tuition calculated pursuant to this
33 subsection.

34 K. All assets and liabilities of the unifying school districts shall
35 be transferred and assumed by the new unified school district. Any existing
36 bonded indebtedness of a common school district or a high school district
37 unifying pursuant to this section shall be assumed by the new unified school
38 district and shall be regarded as an indebtedness of the new unified school
39 district for the purpose of determining the debt incurring authority of the
40 district. Taxes for the payment of such bonded indebtedness shall be levied
41 on all taxable property in the new unified school district, but nothing in
42 this subsection shall be construed to relieve from liability to taxation for
43 the payment of all taxable property of the former high school district if
44 necessary to prevent a default in the payment of any bonded indebtedness of
45 the former high school district. The residents of a common school district
46 that does not unify shall not vote in bond or override elections of the
47 unified school district and shall not be assessed taxes as a result of a bond
48 or override election of the unified school district.

1 L. If the remaining common school district had authorization for an
2 override as provided in section 15-481 ~~or 15-482~~, the override authorization
3 continues for the remaining common school district or districts in the same
4 manner as before the formation of the unified school district.

5 M. The bonding authorization and bonding limitations continue for the
6 remaining common school district or districts in the same manner as before
7 the formation of the unified school district.

8 N. Nothing in this section shall be construed to relieve a school
9 district formed pursuant to section 15-457 or 15-458 of its liability for any
10 outstanding bonded indebtedness.

11 O. For school districts that become unified after July 1, 2004 and
12 where all of the common schools were eligible for the small school district
13 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
14 computing their base support level and base revenue control limit before
15 unification, the unified school district may continue to use the small school
16 district weight as follows:

17 1. Annually determine the common school student count and the weighted
18 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
19 each common school district before unification.

20 2. Calculate the sum of the common school districts' student counts
21 and weighted student counts determined in paragraph 1 of this subsection.

22 3. Divide the sum of the weighted student counts by the sum of the
23 student counts determined in paragraph 2 of this subsection.

24 4. The amount determined in paragraph 3 of this subsection shall be
25 the weight for the common schools in the unified school district.

26 P. A unified school district may calculate its revenue control limit
27 and district support level by using subsection O of this section as follows:

28 1. Determine the number of individual school districts that existed
29 before unification into a single school district.

30 2. Multiply the amount determined in paragraph 1 of this subsection by
31 six hundred.

32 3. Multiply the amount determined in paragraph 2 of this subsection by
33 0.80.

34 4. If the amount determined in paragraph 3 of this subsection exceeds
35 the student count of the unified school district, the unified school district
36 is eligible to use subsection O of this section.

37 Q. Subsections O and P of this section shall remain in effect until
38 the aggregate student count of the common school districts before unification
39 exceeds the aggregate number of students of the common school districts
40 before unification authorized to utilize section 15-943, paragraph 1,
41 subdivision (a).

42 Sec. 5. Section 15-481, Arizona Revised Statutes, is amended to read:

43 15-481. Override election; budget increases; notice; ballot;
44 effect

45 A. If a proposed budget of a school district exceeds the aggregate
46 budget limit for the budget year, at least ninety days before the proposed
47 election the governing board shall order an override election to be held on
48 the first Tuesday following the first Monday in November as prescribed by

1 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
2 presenting the proposed budget to the qualified electors of the school
3 district who shall by a majority of those voting either affirm or reject the
4 budget. In addition, the governing board shall prepare an alternate budget
5 which does not include an increase in the budget of more than the amount
6 permitted as provided in section 15-905. If the qualified electors approve
7 the proposed budget, the governing board of the school district shall follow
8 the procedures prescribed in section 15-905 for adopting a budget that
9 includes the authorized increase. If the qualified electors disapprove the
10 proposed budget, the governing board shall follow the procedures prescribed
11 in section 15-905 for adopting a budget that does not include the proposed
12 increase or the portion of the proposed increase that exceeds the amount
13 authorized by a previously approved budget increase as prescribed in
14 subsection ~~P~~ M of this section.

15 B. The county school superintendent shall prepare an informational
16 report on the proposed increase in the budget and a sample ballot and, at
17 least forty days prior to the election, shall transmit the report and the
18 sample ballot to the governing board of the school district. The governing
19 board, upon receipt of the report and the ballot, shall mail or distribute
20 the report and the ballot to the households in which qualified electors
21 reside within the school district at least thirty-five days prior to the
22 election. Any distribution of material concerning the proposed increase in
23 the budget shall not be conducted by children enrolled in the school
24 district. The report shall contain the following information:

- 25 1. The date of the election.
- 26 2. The voter's polling place and the times it is open.
- 27 3. The proposed total increase in the budget which exceeds the amount
28 permitted pursuant to section 15-905.

29 4. The total amount of the current year's budget, the total amount of
30 the proposed budget and the total amount of the alternate budget.

31 5. If the override is for a period of more than one year, a statement
32 indicating the number of years the proposed increase in the budget would be
33 in effect and the percentage of the school district's revenue control limit
34 that the district is requesting for the future years.

35 6. The proposed total amount of revenues which will fund the increase
36 in the budget and the amount which will be obtained from a levy of taxes upon
37 the taxable property within the school district for the first year for which
38 the budget increase was adopted.

39 7. The proposed amount of revenues which will fund the increase in the
40 budget and which will be obtained from other than a levy of taxes upon the
41 taxable property within the school district for the first year for which the
42 budget increase was adopted.

43 8. The dollar amount and the purpose for which the proposed increase
44 in the budget is to be expended for the first year for which the budget
45 increase was adopted.

46 9. At least two arguments, if submitted, but no more than ten
47 arguments for and two arguments, if submitted, but no more than ten arguments
48 against the proposed increase in the budget. The arguments shall be in a

1 form prescribed by the county school superintendent and each argument shall
2 not exceed two hundred words. Arguments for the proposed increase in the
3 budget shall be provided in writing and signed by the governing board. If
4 submitted, additional arguments in favor of the proposed increase in the
5 budget shall be provided in writing and signed by those in favor. Arguments
6 against the proposed increase in the budget shall be provided in writing and
7 signed by those in opposition. The names of those persons other than the
8 governing board or superintendent submitting written arguments shall not be
9 included in the report without their specific permission, but shall be made
10 available only upon request to the county school superintendent. The county
11 school superintendent shall review all factual statements contained in the
12 written arguments and correct any inaccurate statements of fact. The
13 superintendent shall not review and correct any portion of the written
14 arguments which are identified as statements of the author's opinion. The
15 county school superintendent shall make the written arguments available to
16 the public as provided in title 39, chapter 1, article 2. A deadline for
17 submitting arguments to be included in the informational report shall be set
18 by the county school superintendent.

19 10. A statement that the alternate budget shall be adopted by the
20 governing board if the proposed budget is not adopted by the qualified
21 electors of the school district.

22 11. The full cash value, the assessed valuation, the first year tax
23 rate for the proposed override and the estimated amount of the secondary
24 property taxes if the proposed budget is adopted for each of the following:

25 (a) An owner-occupied residence whose assessed valuation is the
26 average assessed valuation of property classified as class three, as
27 prescribed by section 42-12003 for the current year in the school district.

28 (b) An owner-occupied residence whose assessed valuation is one-half
29 of the assessed valuation of the residence in subdivision (a) of this
30 paragraph.

31 (c) An owner-occupied residence whose assessed valuation is twice the
32 assessed valuation of the residence in subdivision (a) of this paragraph.

33 (d) A business whose assessed valuation is the average of the assessed
34 valuation of property classified as class one, as prescribed by section
35 42-12001, paragraphs 12 and 13 for the current year in the school district.

36 12. If the election is conducted pursuant to subsection ~~I~~ I or ~~M~~ J of
37 this section, the following information:

38 (a) An executive summary of the school district's most recent capital
39 improvement plan submitted to the school facilities board.

40 (b) A complete list of each proposed capital improvement that will be
41 funded with the budget increase and a description of the proposed cost of
42 each improvement, including a separate aggregation of capital improvements
43 for administrative purposes as defined by the school facilities board.

44 (c) The tax rate associated with each of the proposed capital
45 improvements and the estimated cost of each capital improvement for the owner
46 of a single family home that is valued at eighty thousand dollars.

47 C. For the purpose of this section, the school district may use its
48 staff, equipment, materials, buildings or other resources only to distribute

1 the informational report at the school district office or at public hearings
2 and to produce such information as required in subsection B of this section,
3 provided that nothing in this subsection shall preclude school districts from
4 holding or participating in any public hearings at which testimony is given
5 by at least one person for the proposed increase and one person against the
6 proposed increase. Any written information provided by the district
7 pertaining to the override election shall include financial information
8 showing the estimated first year tax rate for the proposed budget override
9 amount.

10 D. If any amount of the proposed increase will be funded by a levy of
11 taxes in the district, the election prescribed in subsection A of this
12 section shall be held on the first Tuesday following the first Monday in
13 November as prescribed by section 16-204, subsection B, paragraph 1,
14 subdivision (d). If the proposed increase will be fully funded by revenues
15 from other than a levy of taxes the elections prescribed in subsection A of
16 this section shall be held on any date prescribed by section 16-204. The
17 elections shall be conducted as nearly as practicable in the manner
18 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
19 section 15-426, relating to special elections, except that:

20 1. The notices required pursuant to section 15-403 shall be posted not
21 less than twenty-five days before the election.

22 2. Ballots shall be counted pursuant to title 16, chapter 4,
23 article 10.

24 E. If the election is to exceed the revenue control limit and if the
25 proposed increase will be fully funded by a levy of taxes upon the taxable
26 property within the school district, the ballot shall contain the words
27 "budget increase, yes" and "budget increase, no", and the voter shall signify
28 his desired choice. The ballot shall also contain the amount of the proposed
29 increase of the proposed budget over the alternate budget, a statement that
30 the amount of the proposed increase will be based on a percentage of the
31 school district's revenue control limit in future years, if applicable, as
32 provided in subsection ~~P~~ M of this section and the following statement:

33 Any budget increase authorized by this election shall be
34 entirely funded by a levy of taxes upon the taxable property
35 within this school district for the year for which adopted and
36 for ____ subsequent years, shall not be realized from monies
37 furnished by the state and shall not be subject to the limitation
38 on taxes specified in article IX, section 18, Constitution of
39 Arizona. Based on an estimate of assessed valuation used for
40 secondary property tax purposes, to fund the proposed increase in
41 the school district's budget would require an estimated tax rate
42 of _____ dollar per one hundred dollars of assessed
43 valuation used for secondary property tax purposes and is in
44 addition to the school district's tax rate which will be levied
45 to fund the school district's revenue control limit allowed by
46 law.

47 F. If the election is to exceed the revenue control limit and if the
48 proposed increase will be fully funded by revenues from other than a levy of

taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection ~~P~~ M of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. PROCEEDS FROM THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE AMOUNT OF INSTRUCTION.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Student Count	Small School Student Count Limit	Support Level Weight for Small Isolated School Districts	Base Level	Phase Down Reduction Factor
_____	125	1.358 + (0.0005 x (500 - Student Count))	\$ _____	= \$ _____
	Phase Down Base	Phase Down Reduction Factor	Small Isolated School District Elementary Limit	
	\$150,000	\$ _____		= \$ _____

$$\begin{array}{rclcl}
 & (ii) & & & \\
 & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\
 & \text{Student} & \text{for Small} & & \text{Reduction} \\
 \text{Student} & \text{Student} & \text{School Districts} & \text{Base Level} & \text{Factor} \\
 \text{Count} & \text{Count Limit} & & & \\
 \text{_____} & - \text{125} & \times 1.278 + (0.0003 \times & \times \$ \text{_____} & = \$ \text{_____} \\
 & & (500 - \text{Student Count})) & & \\
 & & & \text{Small} & \\
 & \text{Phase Down} & \text{Phase Down} & \text{School District} & \\
 & \text{Base} & \text{Reduction Factor} & \text{Elementary Limit} & \\
 \$150,000 & - & \$ \text{_____} & = & \$ \text{_____}
 \end{array}$$

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

$$\begin{array}{rclcl}
 & (i) & & & \\
 & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\
 & \text{Student} & \text{for Small Isolated} & & \text{Reduction} \\
 \text{Student} & \text{Student} & \text{School Districts} & \text{Base Level} & \text{Factor} \\
 \text{Count} & \text{Count Limit} & & & \\
 \text{_____} & - \text{100} & \times 1.468 + (0.0005 \times & \times \$ \text{_____} & = \$ \text{_____} \\
 & & (500 - \text{Student Count})) & & \\
 & & & \text{Small Isolated} & \\
 & \text{Phase Down} & \text{Phase Down} & \text{District} & \\
 & \text{Base} & \text{Reduction Factor} & \text{Secondary Limit} & \\
 \$350,000 & - & \$ \text{_____} & = & \$ \text{_____}
 \end{array}$$

$$\begin{array}{rclcl}
 & (ii) & & & \\
 & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\
 & \text{Student} & \text{for Small} & & \text{Reduction} \\
 \text{Student} & \text{Student} & \text{School Districts} & \text{Base Level} & \text{Factor} \\
 \text{Count} & \text{Count Limit} & & & \\
 \text{_____} & - \text{100} & \times 1.398 + (0.0004 \times & \times \$ \text{_____} & = \$ \text{_____} \\
 & & (500 - \text{Student Count})) & & \\
 & & & \text{Small} & \\
 & \text{Phase Down} & \text{Phase Down} & \text{School District} & \\
 & \text{Base} & \text{Reduction Factor} & \text{Secondary Limit} & \\
 \$350,000 & - & \$ \text{_____} & = & \$ \text{_____}
 \end{array}$$

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent of the revenue control limit attributable to those grade levels that are not included under section 15-949, subsection E. For the purposes of this subdivision, the revenue control limit is separated into elementary and

1 secondary components based on the weighted student count as provided in
2 section 15-971, subsection B, paragraph 2, subdivision (a).

3 2. If a school district utilizes the provisions of this subsection to
4 request an override of more than one year, the ballot shall include an
5 estimate of the amount of the proposed increase in the future years in place
6 of the statement that the amount of the proposed increase will be based on a
7 percentage of the school district's revenue control limit in future years, as
8 prescribed in subsections E and F of this section.

9 3. Notwithstanding subsection ~~P~~ M of this section, the maximum period
10 of an override authorized pursuant to this subsection is five years.

11 4. Subsection ~~P~~ M, paragraphs 1 and 2 of this section do not apply to
12 overrides authorized pursuant to this subsection.

13 ~~I. If the election is to exceed the revenue control limit as provided~~
14 ~~in section 15 482 and if the proposed increase will be fully funded by a levy~~
15 ~~of taxes on the taxable property within the school district, the ballot shall~~
16 ~~contain the words "budget increase, yes" and "budget increase, no", and the~~
17 ~~voter shall signify the voter's desired choice. The ballot shall also~~
18 ~~contain the amount of the proposed increase of the budget over the alternate~~
19 ~~budget, a statement that the amount of the proposed increase will be based on~~
20 ~~a percentage of the school district's revenue control limit in future years,~~
21 ~~if applicable, as provided in subsection Q of this section, and the following~~
22 ~~statement:~~

23 ~~Any budget increase authorized by this election shall be~~
24 ~~entirely funded by a levy of taxes on the taxable property within~~
25 ~~this school district for the year for which adopted and for _____~~
26 ~~subsequent years, shall not be realized from monies furnished by~~
27 ~~the state and shall not be subject to the limitation on taxes~~
28 ~~specified in article IX, section 18, Constitution of Arizona.~~
29 ~~Based on an estimate of assessed valuation used for secondary~~
30 ~~property tax purposes, to fund the proposed increase in the~~
31 ~~school district's budget which will be funded by a levy of taxes~~
32 ~~upon the taxable property within this school district would~~
33 ~~require an estimated tax rate of _____ dollar per one~~
34 ~~hundred dollars of assessed valuation used for secondary property~~
35 ~~tax purposes and is in addition to the school district's tax rate~~
36 ~~that will be levied to fund the school district's revenue control~~
37 ~~limit allowed by law.~~

38 ~~J. If the election is to exceed the revenue control limit as provided~~
39 ~~in section 15 482 and if the proposed increase will be fully funded by~~
40 ~~revenues other than a levy of taxes on the taxable property within the school~~
41 ~~district, the ballot shall contain the words "budget increase, yes" and~~
42 ~~"budget increase, no", and the voter shall signify the voter's desired~~
43 ~~choice. The ballot shall also contain the amount of the proposed increase of~~
44 ~~the proposed budget over the alternate budget, a statement that the amount of~~
45 ~~the proposed increase will be based on a percentage of the school district's~~
46 ~~revenue control limit in future years, if applicable, as provided in~~
47 ~~subsection Q of this section and the following statement:~~

~~Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.~~

~~K. The maximum budget increase that may be requested and authorized as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.~~

~~I.~~ I. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's capital outlay revenue limit allowed by law.

~~M.~~ J. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year in which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

~~N.~~ K. If the election is to exceed a combination of the revenue control limit as provided in subsection E or F of this section, ~~the revenue control limit as provided in subsection I or J of this section~~ or the capital outlay revenue limit as provided in subsection ~~I~~ I or ~~M~~ J of this section, the ballot shall be prepared so that the voters may vote on each proposed increase separately and shall contain statements required in the same manner as if each proposed increase were submitted separately.

~~O.~~ L. If the election provides for a levy of taxes on the taxable property within the school district, at least thirty days prior to the election, the department of revenue shall provide the school district governing board and the county school superintendent with an estimate of the school district's assessed valuation used for secondary property tax purposes for the ensuing fiscal year. The governing board and the county school superintendent shall use this estimate to translate the amount of the proposed dollar increase in the budget of the school district over that allowed by law into a tax rate figure.

~~P.~~ M. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection E or F of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school district governing board ~~may~~, however, MAY levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection E of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection F of this section, the school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance to fund the additional increase. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection E or F of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted which shall not exceed the maximum amount permitted under subsection G of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in subsection E or F of this section and the additional increase which is included in the aggregate budget limit is based on a percentage of a school

1 district's revenue control limit in future years, if the budget increase is
2 authorized for more than one year. If the additional increase:

3 1. Is for two years, the proposed increase in the second year is equal
4 to the initial proposed percentage increase.

5 2. Is for five years or more, the proposed increase is equal to the
6 initial proposed percentage increase in the following years of the proposed
7 increase, except that in the next to last year it is two-thirds of the
8 initial proposed percentage increase and it is one-third of the initial
9 proposed percentage increase in the last year of the proposed increase.

10 ~~Q. If the voters in a school district vote to adopt a budget in excess~~
11 ~~of the revenue control limit as provided in subsection I or J of this~~
12 ~~section, any additional increase shall be included in the aggregate budget~~
13 ~~limit for each of the years authorized. Any additional increase shall be~~
14 ~~excluded from the determination of equalization assistance. The school~~
15 ~~district governing board, however, may levy on the assessed valuation used~~
16 ~~for secondary property tax purposes of the property in the school district~~
17 ~~the additional increase if adopted under subsection I of this section for the~~
18 ~~period of one year, two years or five through seven years as authorized. If~~
19 ~~an additional increase is approved as provided in subsection J of this~~
20 ~~section, the increase may only be budgeted and expended if sufficient monies~~
21 ~~are available in the maintenance and operation fund of the school district.~~
22 ~~If a budget increase was previously authorized and will be in effect for the~~
23 ~~budget year or budget year and subsequent years, as provided in subsection I~~
24 ~~or J of this section, the governing board may request a new budget increase~~
25 ~~as provided in the same subsection under which the prior budget increase was~~
26 ~~adopted that does not exceed the maximum amount permitted under subsection K~~
27 ~~of this section. If the voters in the school district authorize the new~~
28 ~~budget increase amount, the existing budget increase no longer is in effect.~~
29 ~~If the voters in the school district do not authorize the budget increase~~
30 ~~amount, the existing budget increase remains in effect for the time period~~
31 ~~for which it was authorized. The maximum additional increase authorized as~~
32 ~~provided in subsection I or J of this section and the additional increase~~
33 ~~that is included in the aggregate budget limit is based on a percentage of a~~
34 ~~school district's revenue control limit in future years, if the budget~~
35 ~~increase is authorized for more than one year. If the additional increase:~~

36 1. Is for two years, the proposed increase in the second year is equal
37 to the initial proposed percentage increase.

38 2. Is for five years or more, the proposed increase is equal to the
39 initial proposed percentage increase in the following years of the proposed
40 increase, except that in the next to last year it is two thirds of the
41 initial proposed percentage increase and it is one third of the initial
42 proposed percentage increase in the last year of the proposed increase.

43 ~~R.~~ N. If the voters in a school district vote to adopt a budget in
44 excess of the capital outlay revenue limit as provided in subsection ~~I~~ I of
45 this section, any additional increase shall be included in the aggregate
46 budget limit for each of the years authorized. The additional increase shall
47 be excluded from the determination of equalization assistance. The school
48 district governing board ~~may~~, however, MAY levy on the assessed valuation

1 used for secondary property tax purposes of the property in the school
2 district the additional increase for the period authorized but not to exceed
3 ten years. For overrides approved by a vote of the qualified electors of the
4 school district at an election held from and after October 31, 1998, the
5 period of the additional increase prescribed in this subsection shall not
6 exceed seven years for any capital override election.

7 ~~S.~~ ~~O.~~ If the voters in a school district vote to adopt a budget in
8 excess of the capital outlay revenue limit as provided in subsection ~~M~~ ~~J~~ of
9 this section, any additional increase shall be included in the aggregate
10 budget limit for each of the years authorized. The additional increase shall
11 be excluded from the determination of equalization assistance. The school
12 district governing board may only use revenues derived from the school
13 district's prior year's maintenance and operation fund ending cash balance
14 and capital outlay fund ending cash balance to fund the additional increase
15 for the period authorized but not to exceed ten years. For overrides
16 approved by a vote of the qualified electors of the school district at an
17 election held from and after October 31, 1998, the period of the additional
18 increase prescribed in this subsection shall not exceed seven years for any
19 capital override election.

20 ~~T.~~ ~~P.~~ In addition to subsections ~~P~~ ~~M~~ and ~~S~~ ~~O~~ of this section, from
21 the maintenance and operation fund and capital outlay fund ending cash
22 balances, the school district governing board shall first use any available
23 revenues to reduce its primary tax rate to zero and shall use any remaining
24 revenues to fund the additional increase authorized as provided in
25 subsections F and ~~M~~ ~~J~~ of this section.

26 ~~U.~~ ~~Q.~~ If the voters in a school district disapprove the proposed
27 budget, the alternate budget which, except for any budget increase authorized
28 by a prior election, does not include an increase in the budget in excess of
29 the amount provided in section 15-905 shall be adopted by the governing board
30 as provided in section 15-905.

31 ~~V.~~ ~~R.~~ The governing board may request that any override election be
32 cancelled if any change in chapter 9 of this title changes the amount of the
33 aggregate budget limit as provided in section 15-905. The request to cancel
34 the override election shall be made to the county school superintendent at
35 least ten days prior to the date of the scheduled override election.

36 ~~W.~~ ~~S.~~ For any election conducted pursuant to subsection ~~T~~ ~~I~~ or ~~M~~ ~~J~~
37 of this section:

38 1. The ballot shall include the following statement in addition to any
39 other statement required by this section:

40 The capital improvements that are proposed to be funded
41 through this override election are to exceed the state standards
42 and are in addition to monies provided by the state.

43 _____ school district is proposing to increase its
44 budget by \$_____ to fund capital improvements over and above
45 those funded by the state. Under the students first capital
46 funding system, _____ school district is entitled to state
47 monies for building renewal, new construction and renovation of
48 school buildings in accordance with state law.

1 2. The ballot shall contain the words "budget increase, yes" and
2 "budget increase, no", and the voter shall signify the voter's desired
3 choice.

4 3. At least eighty-five days before the election, the school district
5 shall submit proposed ballot language to the director of the Arizona
6 legislative council. The director of the Arizona legislative council shall
7 review the proposed ballot language to determine whether the proposed ballot
8 language complies with this section. If the director of the Arizona
9 legislative council determines that the proposed ballot language does not
10 comply with this section, the director, within ten calendar days of the
11 receipt of the proposed ballot language, shall notify the school district of
12 the director's objections and the school district shall resubmit revised
13 ballot language to the director for approval.

14 ~~T.~~ T. If the voters approve the budget increase pursuant to
15 subsection ~~I~~ I or ~~M~~ J of this section, the school district shall not use
16 the override proceeds for any purposes other than the proposed capital
17 improvements listed in the publicity pamphlet, except that up to ten per cent
18 of the override proceeds may be used for general capital expenses, including
19 cost overruns of proposed capital improvements.

20 ~~U.~~ U. Each school district that currently increases its budget
21 pursuant to subsection ~~I~~ I or ~~M~~ J of this section is required to hold a
22 public meeting each year between September 1 and October 31 at which an
23 update of the progress of capital improvements financed through the override
24 is discussed and at which the public is permitted an opportunity to comment.
25 At a minimum, the update shall include a comparison of the current status and
26 the original projections on the construction of capital improvements, the
27 costs of capital improvements and the costs of capital improvements in
28 progress or completed since the prior meeting and the future capital plans of
29 the school district. The school district shall include in the public meeting
30 a discussion of the school district's use of state capital aid and
31 voter-approved bonding in funding capital improvements, if any.

32 ~~V.~~ V. If a budget in excess of the capital outlay revenue limit was
33 previously adopted by the voters in a school district and will be in effect
34 for the budget year or budget year and subsequent years, as provided in
35 subsection ~~I~~ I or ~~M~~ J of this section, the governing board may request an
36 additional budget in excess of the capital outlay revenue limit. If the
37 voters in a school district authorize the additional budget in excess of the
38 capital outlay revenue limit, the existing capital outlay revenue limit
39 budget increase remains in effect.

40 Sec. 6. Repeal

41 Section 15-482, Arizona Revised Statutes, is repealed.

42 Sec. 7. Section 15-901, Arizona Revised Statutes, is amended to read:

43 15-901. Definitions

44 A. In this title, unless the context otherwise requires:

45 1. "Average daily attendance" or "ADA" means actual average daily
46 attendance through the first one hundred days or two hundred days in session,
47 as applicable.

1 2. "Average daily membership" means the total enrollment of fractional
2 students and full-time students, minus withdrawals, of each school day
3 through the first one hundred days or two hundred days in session, as
4 applicable, for the current year. Withdrawals include students formally
5 withdrawn from schools and students absent for ten consecutive school days,
6 except for excused absences as identified by the department of education.
7 For computation purposes, the effective date of withdrawal shall be
8 retroactive to the last day of actual attendance of the student.

9 (a) "Fractional student" means:

10 (i) For common schools, until fiscal year 2001-2002, a preschool child
11 who is enrolled in a program for preschool children with disabilities of at
12 least three hundred sixty minutes each week or a kindergarten student at
13 least five years of age prior to January 1 of the school year and enrolled in
14 a school kindergarten program that meets at least three hundred forty-six
15 instructional hours during the minimum number of days required in a school
16 year as provided in section 15-341. In fiscal year 2001-2002, the
17 kindergarten program shall meet at least three hundred forty-eight hours. In
18 fiscal year 2002-2003, the kindergarten program shall meet at least three
19 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
20 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
21 the kindergarten program shall meet at least three hundred fifty-four hours.
22 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
23 program shall meet at least three hundred fifty-six hours. Lunch periods and
24 recess periods may not be included as part of the instructional hours unless
25 the child's individualized education program requires instruction during
26 those periods and the specific reasons for such instruction are fully
27 documented. In computing the average daily membership, preschool children
28 with disabilities and kindergarten students shall be counted as one-half of a
29 full-time student. For common schools, a part-time student is a student
30 enrolled for less than the total time for a full-time student as defined in
31 this section. A part-time common school student shall be counted as
32 one-fourth, one-half or three-fourths of a full-time student if the student
33 is enrolled in an instructional program that is at least one-fourth, one-half
34 or three-fourths of the time a full-time student is enrolled as defined in
35 subdivision (b) of this paragraph.

36 (ii) For high schools, a part-time student who is enrolled in less
37 than four subjects that count toward graduation as defined by the state board
38 of education in a recognized high school and who is taught in less than
39 twenty instructional hours per week prorated for any week with fewer than
40 five school days. A part-time high school student shall be counted as
41 one-fourth, one-half or three-fourths of a full-time student if the student
42 is enrolled in an instructional program that is at least one-fourth, one-half
43 or three-fourths of a full-time instructional program as defined in
44 subdivision (c) of this paragraph.

45 (b) "Full-time student" means:

46 (i) For common schools, a student who is at least six years of age
47 prior to January 1 of a school year, who has not graduated from the highest
48 grade taught in the school district and who is regularly enrolled in a course

1 of study required by the state board of education. Until fiscal year
2 2001-2002, first, second and third grade students, ungraded students at least
3 six, but under nine, years of age by September 1 or ungraded group B children
4 with disabilities who are at least five, but under six, years of age by
5 September 1 must be enrolled in an instructional program that meets for a
6 total of at least six hundred ninety-two hours during the minimum number of
7 days required in a school year as provided in section 15-341. In fiscal year
8 2001-2002, the program shall meet at least six hundred ninety-six hours. In
9 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
10 In fiscal year 2003-2004, the program shall meet at least seven hundred four
11 hours. In fiscal year 2004-2005, the program shall meet at least seven
12 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
13 thereafter, the program shall meet at least seven hundred twelve hours.
14 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
15 ungraded students at least nine, but under twelve, years of age by September
16 1 must be enrolled in an instructional program that meets for a total of at
17 least eight hundred sixty-five hours during the minimum number of school days
18 required in a school year as provided in section 15-341. In fiscal year
19 2001-2002, the program shall meet at least eight hundred seventy hours. In
20 fiscal year 2002-2003, the program shall meet at least eight hundred
21 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least
22 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet
23 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each
24 fiscal year thereafter, the program shall meet at least eight hundred ninety
25 hours. Until fiscal year 2001-2002, seventh and eighth grade students or
26 ungraded students at least twelve, but under fourteen, years of age by
27 September 1 must be enrolled in an instructional program that meets for a
28 total of at least one thousand thirty-eight hours during the minimum number
29 of days required in a school year as provided in section 15-341. In fiscal
30 year 2001-2002, the program shall meet at least one thousand forty-four
31 hours. In fiscal year 2002-2003, the program shall meet at least one
32 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at
33 least one thousand fifty-six hours. In fiscal year 2004-2005, the program
34 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006
35 and each fiscal year thereafter, the program shall meet at least one thousand
36 sixty-eight hours. Lunch periods and recess periods may not be included as
37 part of the instructional hours unless the student is a child with a
38 disability and the child's individualized education program requires
39 instruction during those periods and the specific reasons for such
40 instruction are fully documented.

41 (ii) For high schools, except as provided in section 15-105, a student
42 not graduated from the highest grade taught in the school district, or an
43 ungraded student at least fourteen years of age by September 1, and enrolled
44 in at least a full-time instructional program of subjects that count toward
45 graduation as defined by the state board of education in a recognized high
46 school. A full-time student shall not be counted more than once for
47 computation of average daily membership.

1 (iii) For homebound or hospitalized, a student receiving at least four
2 hours of instruction per week.

3 (c) "Full-time instructional program" means:

4 (i) Through fiscal year 2000-2001, at least four subjects, each of
5 which, if taught each school day for the minimum number of days required in a
6 school year, would meet a minimum of one hundred twenty hours a year, or the
7 equivalent, or one or more subjects taught in amounts of time totaling at
8 least twenty hours per week prorated for any week with fewer than five school
9 days.

10 (ii) For fiscal year 2001-2002, an instructional program that meets at
11 least a total of seven hundred four hours during the minimum number of days
12 required and includes at least four subjects each of which, if taught each
13 school day for the minimum number of days required in a school year, would
14 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
15 one or more subjects taught in amounts of time totaling at least twenty hours
16 per week prorated for any week with fewer than five school days.

17 (iii) For fiscal year 2002-2003, an instructional program that meets
18 at least a total of seven hundred eight hours during the minimum number of
19 days required and includes at least four subjects each of which, if taught
20 each school day for the minimum number of days required in a school year,
21 would meet a minimum of one hundred twenty-two hours a year, or the
22 equivalent, or one or more subjects taught in amounts of time totaling at
23 least twenty hours per week prorated for any week with fewer than five school
24 days.

25 (iv) For fiscal year 2003-2004, an instructional program that meets at
26 least a total of seven hundred twelve hours during the minimum number of days
27 required and includes at least four subjects each of which, if taught each
28 school day for the minimum number of days required in a school year, would
29 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
30 or one or more subjects taught in amounts of time totaling at least twenty
31 hours per week prorated for any week with fewer than five school days.

32 (v) For fiscal year 2004-2005, an instructional program that meets at
33 least a total of seven hundred sixteen hours during the minimum number of
34 days required and includes at least four subjects each of which, if taught
35 each school day for the minimum number of days required in a school year,
36 would meet a minimum of one hundred twenty-three hours a year, or the
37 equivalent, or one or more subjects taught in amounts of time totaling at
38 least twenty hours per week prorated for any week with fewer than five school
39 days.

40 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
41 instructional program that meets at least a total of seven hundred twenty
42 hours during the minimum number of days required and includes at least four
43 subjects each of which, if taught each school day for the minimum number of
44 days required in a school year, would meet a minimum of one hundred
45 twenty-three hours a year, or the equivalent, or one or more subjects taught
46 in amounts of time totaling at least twenty hours per week prorated for any
47 week with fewer than five school days.

1 3. "Budget year" means the fiscal year for which the school district
2 is budgeting and which immediately follows the current year.

3 4. "Common school district" means a political subdivision of this
4 state offering instruction to students in programs for preschool children
5 with disabilities and kindergarten programs and grades one through eight.

6 5. "Current year" means the fiscal year in which a school district is
7 operating.

8 6. "Daily attendance" means:

9 (a) For common schools, days in which a pupil:

10 (i) Of a kindergarten program or ungraded, but not group B children
11 with disabilities, and at least five, but under six, years of age by
12 September 1 attends at least three-quarters of the instructional time
13 scheduled for the day. If the total instruction time scheduled for the year
14 is at least three hundred forty-six hours but is less than six hundred
15 ninety-two hours such attendance shall be counted as one-half day of
16 attendance. If the instructional time scheduled for the year is at least six
17 hundred ninety-two hours, "daily attendance" means days in which a pupil
18 attends at least one-half of the instructional time scheduled for the day.
19 Such attendance shall be counted as one-half day of attendance.

20 (ii) Of the first, second or third grades, ungraded and at least six,
21 but under nine, years of age by September 1 or ungraded group B children with
22 disabilities and at least five, but under six, years of age by September 1
23 attends more than three-quarters of the instructional time scheduled for the
24 day.

25 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
26 nine, but under twelve, years of age by September 1 attends more than
27 three-quarters of the instructional time scheduled for the day, except as
28 provided in section 15-797.

29 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
30 but under fourteen, years of age by September 1 attends more than
31 three-quarters of the instructional time scheduled for the day, except as
32 provided in section 15-797.

33 (b) For common schools, the attendance of a pupil at three-quarters or
34 less of the instructional time scheduled for the day shall be counted as
35 follows, except as provided in section 15-797 and except that attendance for
36 a fractional student shall not exceed the pupil's fractional membership:

37 (i) If attendance for all pupils in the school is based on quarter
38 days, the attendance of a pupil shall be counted as one-fourth of a day's
39 attendance for each one-fourth of full-time instructional time attended.

40 (ii) If attendance for all pupils in the school is based on half days,
41 the attendance of at least three-quarters of the instructional time scheduled
42 for the day shall be counted as a full day's attendance and attendance at a
43 minimum of one-half but less than three-quarters of the instructional time
44 scheduled for the day equals one-half day of attendance.

45 (c) For common schools, the attendance of a preschool child with
46 disabilities shall be counted as one-fourth day's attendance for each
47 thirty-six minutes of attendance not including lunch periods and recess
48 periods, except as provided in paragraph 2, subdivision (a), item (i) of this

1 subsection for children with disabilities up to a maximum of three hundred
2 sixty minutes each week.

3 (d) For high schools or ungraded schools in which the pupil is at
4 least fourteen years of age by September 1, the attendance of a pupil shall
5 not be counted as a full day unless the pupil is actually and physically in
6 attendance and enrolled in and carrying four subjects, each of which, if
7 taught each school day for the minimum number of days required in a school
8 year, would meet a minimum of one hundred twenty hours a year, or the
9 equivalent, that count toward graduation in a recognized high school except
10 as provided in section 15-797 and subdivision (e) of this paragraph.
11 Attendance of a pupil carrying less than the load prescribed shall be
12 prorated.

13 (e) For high schools or ungraded schools in which the pupil is at
14 least fourteen years of age by September 1, the attendance of a pupil may be
15 counted as one-fourth of a day's attendance for each sixty minutes of
16 instructional time in a subject that counts toward graduation, except that
17 attendance for a pupil shall not exceed the pupil's full or fractional
18 membership.

19 (f) For homebound or hospitalized, a full day of attendance may be
20 counted for each day during a week in which the student receives at least
21 four hours of instruction.

22 (g) For school districts which maintain school for an approved
23 year-round school year operation, attendance shall be based on a computation,
24 as prescribed by the superintendent of public instruction, of the one hundred
25 eighty days' equivalency or two hundred days' equivalency, as applicable, of
26 instructional time as approved by the superintendent of public instruction
27 during which each pupil is enrolled.

28 7. "Daily route mileage" means the sum of:

29 (a) The total number of miles driven daily by all buses of a school
30 district while transporting eligible students from their residence to the
31 school of attendance and from the school of attendance to their residence on
32 scheduled routes approved by the superintendent of public instruction.

33 (b) The total number of miles driven daily on routes approved by the
34 superintendent of public instruction for which a private party, a political
35 subdivision or a common or a contract carrier is reimbursed for bringing an
36 eligible student from the place of his residence to a school transportation
37 pickup point or to the school of attendance and from the school
38 transportation scheduled return point or from the school of attendance to his
39 residence. Daily route mileage includes the total number of miles necessary
40 to drive to transport eligible students from and to their residence as
41 provided in this paragraph.

42 8. "District support level" means the base support level plus the
43 transportation support level.

1 9. "Eligible students" means:

2 (a) Students who are transported by or for a school district and who
3 qualify as full-time students or fractional students, except students for
4 whom transportation is paid by another school district or a county school
5 superintendent, and:

6 (i) For common school students, whose place of actual residence within
7 the school district is more than one mile from the school facility of
8 attendance or students who are admitted pursuant to section 15-816.01 and who
9 meet the economic eligibility requirements established under the national
10 school lunch and child nutrition acts (42 United States Code sections 1751
11 through 1785) for free or reduced price lunches and whose actual place of
12 residence outside the school district boundaries is more than one mile from
13 the school facility of attendance.

14 (ii) For high school students, whose place of actual residence within
15 the school district is more than one and one-half miles from the school
16 facility of attendance or students who are admitted pursuant to section
17 15-816.01 and who meet the economic eligibility requirements established
18 under the national school lunch and child nutrition acts (42 United States
19 Code sections 1751 through 1785) for free or reduced price lunches and whose
20 actual place of residence outside the school district boundaries is more than
21 one and one-half miles from the school facility of attendance.

22 (b) Kindergarten students, for purposes of computing the number of
23 eligible students under subdivision (a), item (i) of this paragraph, shall be
24 counted as full-time students, notwithstanding any other provision of law.

25 (c) Children with disabilities, as defined by section 15-761, who are
26 transported by or for the school district or who are admitted pursuant to
27 chapter 8, article 1.1 of this title and who qualify as full-time students or
28 fractional students regardless of location or residence within the school
29 district or children with disabilities whose transportation is required by
30 the pupil's individualized education program.

31 (d) Students whose residence is outside the school district and who
32 are transported within the school district on the same basis as students who
33 reside in the school district.

34 10. "Enrolled" or "enrollment" means when a pupil is currently
35 registered in the school district.

36 11. "GDP price deflator" means the average of the four implicit price
37 deflators for the gross domestic product reported by the United States
38 department of commerce for the four quarters of the calendar year.

39 12. "High school district" means a political subdivision of this state
40 offering instruction to students for grades nine through twelve or that
41 portion of the budget of a common school district which is allocated to
42 teaching high school subjects with permission of the state board of
43 education.

44 13. "Revenue control limit" means the base revenue control limit plus
45 the transportation revenue control limit.

46 14. "Student count" means average daily membership as prescribed in
47 this subsection for the fiscal year prior to the current year, except that

1 for the purpose of budget preparation student count means average daily
2 membership as prescribed in this subsection for the current year.

3 15. "Submit electronically" means submitted in a format and in a manner
4 prescribed by the department of education.

5 16. "Total bus mileage" means the total number of miles driven by all
6 buses of a school district during the school year.

7 17. "Total students transported" means all eligible students
8 transported from their place of residence to a school transportation pickup
9 point or to the school of attendance and from the school of attendance or
10 from the school transportation scheduled return point to their place of
11 residence.

12 18. "Unified school district" means a political subdivision of the
13 state offering instruction to students in programs for preschool children
14 with disabilities and kindergarten programs and grades one through twelve.

15 B. In this title, unless the context otherwise requires:

16 1. "Base" means the revenue level per student count specified by the
17 legislature.

18 2. "Base level" means:

19 (a) For fiscal year 2006-2007, three thousand one hundred thirty-three
20 dollars fifty-three cents.

21 (b) For fiscal year 2007-2008, three thousand two hundred twenty-six
22 dollars eighty-eight cents.

23 (c) FOR FISCAL YEAR 2008-2009, THREE THOUSAND TWO HUNDRED NINETY-ONE
24 DOLLARS FORTY-TWO CENTS.

25 3. "Base revenue control limit" means the base revenue control limit
26 computed as provided in section 15-944.

27 4. "Base support level" means the base support level as provided in
28 section 15-943.

29 5. "Certified teacher" means a person who is certified as a teacher
30 pursuant to the rules adopted by the state board of education, who renders
31 direct and personal services to school children in the form of instruction
32 related to the school district's educational course of study and who is paid
33 from the maintenance and operation section of the budget.

34 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
35 emotional disabilities, mild mental retardation, a specific learning
36 disability, a speech/language impairment and other health impairments.

37 7. "ED-P" means programs for children with emotional disabilities who
38 are enrolled in private special education programs as prescribed in section
39 15-765, subsection D, paragraph 1 or in an intensive school district program
40 as provided in section 15-765, subsection D, paragraph 2.

41 8. "ELL" means English learners who do not speak English or whose
42 native language is not English, who are not currently able to perform
43 ordinary classroom work in English and who are enrolled in an English
44 language education program pursuant to sections 15-751, 15-752 and 15-753.

45 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
46 means for a certified teacher the following:

47 (a) If employed full time as defined in section 15-501, 1.00.

1 (b) If employed less than full time, multiply 1.00 by the percentage
2 of a full school day, or its equivalent, or a full class load, or its
3 equivalent, for which the teacher is employed as determined by the governing
4 board.

5 10. "Group A" means educational programs for career exploration, a
6 specific learning disability, an emotional disability, mild mental
7 retardation, remedial education, a speech/language impairment, homebound,
8 bilingual, preschool moderate delay, preschool speech/language delay, other
9 health impairments and gifted pupils.

10 11. "Group B" means educational improvements for pupils in kindergarten
11 programs and grades one through three, educational programs for autism, a
12 hearing impairment, moderate mental retardation, multiple disabilities,
13 multiple disabilities with severe sensory impairment, orthopedic impairments,
14 preschool severe delay, severe mental retardation and emotional disabilities
15 for school age pupils enrolled in private special education programs or in
16 school district programs for children with severe disabilities or visual
17 impairment and English learners enrolled in a program to promote English
18 language proficiency pursuant to section 15-752.

19 12. "HI" means programs for pupils with hearing impairment.

20 13. "Homebound" or "hospitalized" means a pupil who is capable of
21 profiting from academic instruction but is unable to attend school due to
22 illness, disease, accident or other health conditions, who has been examined
23 by a competent medical doctor and who is certified by that doctor as being
24 unable to attend regular classes for a period of not less than three school
25 months or a pupil who is capable of profiting from academic instruction but
26 is unable to attend school regularly due to chronic or acute health problems,
27 who has been examined by a competent medical doctor and who is certified by
28 that doctor as being unable to attend regular classes for intermittent
29 periods of time totaling three school months during a school year. The
30 medical certification shall state the general medical condition, such as
31 illness, disease or chronic health condition, that is the reason that the
32 pupil is unable to attend school. Homebound or hospitalized includes a
33 student who is unable to attend school for a period of less than three months
34 due to a pregnancy if a competent medical doctor, after an examination,
35 certifies that the student is unable to attend regular classes due to risk to
36 the pregnancy or to the student's health.

37 14. "K" means kindergarten programs.

38 15. "K-3" means kindergarten programs and grades one through three.

39 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
40 multiple disabilities, autism and severe mental retardation.

41 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
42 with multiple disabilities, autism and severe mental retardation.

43 18. "MDSSI" means a program for pupils with multiple disabilities with
44 severe sensory impairment.

45 19. "MOMR" means programs for pupils with moderate mental retardation.

46 20. "OI-R" means a resource program for pupils with orthopedic
47 impairments.

21. "OI-SC" means a self-contained program for pupils with orthopedic impairments.

22. "PSD" means preschool programs for children with disabilities as provided in section 15-771.

23. "P-SD" means programs for children who meet the definition of preschool severe delay as provided in section 15-771.

24. "Qualifying tax rate" means the qualifying tax rate specified in section 15-971 applied to the assessed valuation used for primary property taxes.

25. "Small isolated school district" means a school district which meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains no school which is fewer than thirty miles by the most reasonable route from another school, or, if road conditions and terrain make the driving slow or hazardous, fifteen miles from another school which teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small isolated school district by the superintendent of public instruction.

26. "Small school district" means a school district which meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains at least one school which is fewer than thirty miles by the most reasonable route from another school which teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small school district by the superintendent of public instruction.

27. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

28. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

29. "VI" means programs for pupils with visual impairments.

30. "Voc. Ed." means career and technical education and vocational education programs, as defined in section 15-781.

Sec. 8. Section 15-903, Arizona Revised Statutes, is amended to read:

15-903. Budget format: prohibited expenditures

A. The superintendent of public instruction in conjunction with the auditor general shall prepare and prescribe a budget format to be utilized by all school districts.

B. The budget format shall be designed to allow all school districts to plan and provide in detail for the use of available funds. The budget format shall contain distinct sections for, but need not be limited to, maintenance and operation, debt service, special projects, capital outlay, adjacent ways and classroom site fund. The maintenance and operation section shall include, but need not be limited to, separate subsections for regular education programs, special education programs and operational expenditures

1 for pupil transportation. Each subsection shall clearly distinguish
2 classroom instruction expenditures. The special education program subsection
3 shall include, but is not limited to, programs for each disability
4 classification as defined in section 15-761 and programs for gifted,
5 vocational and technological education, remedial education and bilingual
6 students. The total expenditures for each of these programs shall be
7 included on the budget form. The pupil transportation subsection shall
8 include all operational expenditures relating to the transportation of
9 pupils, including all operational expenditures within a contract if the
10 school district contracts for pupil transportation.

11 C. The capital outlay section of the budget shall include separate
12 subsections for unrestricted capital outlay and soft capital allocation. The
13 soft capital allocation subsection shall include budgeted expenditures as
14 prescribed in section 15-962. The unrestricted capital outlay subsection
15 shall include budgeted expenditures for acquisitions by purchase,
16 lease-purchase or lease of capital items as defined in the uniform system of
17 financial records. These sections and subsections shall include:

18 1. Land, buildings and improvements to land and buildings, including
19 labor and related employee benefits costs and material costs if work is
20 performed by school district employees.

21 2. Furniture, furnishings, athletic equipment and other equipment,
22 including computer software.

23 3. Pupil and nonpupil transportation vehicles and equipment, including
24 all capital expenditures within a contract if the school district contracts
25 for pupil transportation.

26 4. Textbooks and related printed subject matter materials adopted by
27 the governing board.

28 5. Instructional aids.

29 6. Library books.

30 7. Payment of principal and interest on bonds.

31 8. School district administration emergency needs that are directly
32 related to pupils.

33 D. The budget format shall contain distinct subsections for the
34 following:

35 ~~1. Special programs to improve academic achievement of pupils in~~
36 ~~kindergarten programs and grades one through three as provided in section~~
37 ~~15-482.~~

38 ~~2.~~ 1. School plant funds.

39 ~~3.~~ 2. Capital outlay budget increases as provided in section 15-481.

40 ~~4.~~ 3. Property taxation including the following:

41 (a) The primary tax rates for the school district for the current year
42 and the budget year.

43 (b) The secondary tax rates for maintenance and operation, K-3 and
44 capital overrides for the school district for the current year and the budget
45 year.

46 (c) The secondary tax rates for class A bonds for the school district
47 for the current year and the budget year.

1 (d) The secondary tax rates for class B bonds for the school district
2 for the current year and the budget year.

3 ~~5.~~ 4. A description of any corrections or adjustments made to the
4 budget pursuant to section 15-915.

5 E. The budget format shall also contain:

6 1. A statement identifying proposed pupil-teacher ratios and
7 pupil-staff ratios relating to the provision of special education services
8 for the budget year.

9 2. A statement identifying the number of full-time equivalent
10 certified employees.

11 ~~3. If a governing board uses section 15-942 relating to the adjustment~~
12 ~~for rapid decline in student count, a statement identifying the actual per~~
13 ~~cent decline in student count and a statement identifying the additional~~
14 ~~allowable expenditures attributable to using the rapid decline provisions as~~
15 ~~provided in section 15-942.~~

16 F. The special projects section shall include budgeted expenditures
17 for state special projects, including special adult projects, career
18 education, deficiencies correction fund projects, building renewal fund
19 projects and new school facilities fund projects, such federal special
20 projects as ESEA title programs, vocational education and title IV Indian
21 education, and other special projects.

22 G. A school district shall not make expenditures for campaign
23 literature associated with school district or charter school officials. If
24 the superintendent of public instruction determines that a school district
25 has violated this subsection, the superintendent of public instruction may
26 withhold any portion of the school district's apportionment of state aid.

27 H. The budget format shall include an electronic format that shall be
28 submitted for each proposed, adopted and revised budget.

29 Sec. 9. Section 15-913, Arizona Revised Statutes, is amended to read:

30 15-913. Education program; juvenile detention centers

31 A. Each county that operates a juvenile detention center shall offer
32 an education program to serve all school-age children in its juvenile
33 detention center. The county school superintendent and the presiding
34 juvenile court judge in each county shall agree on the method of delivery of
35 the juvenile detention center education program.

36 B. The state board of education shall prescribe standards and
37 achievement testing requirements for county juvenile detention center
38 education programs that shall attempt to ensure that the programs are
39 compatible with public school education goals and requirements. The county
40 school superintendent shall attempt to coordinate the program with each
41 pupil's school district of residence to assist the pupil's transition back to
42 the school district at the appropriate time.

43 C. A county may operate its juvenile detention center education
44 program through an existing accommodation school.

45 D. If a county chooses not to operate its juvenile detention center
46 education program through an existing accommodation school, the county school
47 superintendent may establish a detention center education fund to provide
48 financial support to the program. The detention center education fund for

1 each program shall consist of a base amount plus a variable amount. For
2 fiscal year 1994-1995 the base amount is twenty thousand dollars and the
3 variable amount shall be determined pursuant to subsection E of this section.
4 Beginning with fiscal year 1995-1996 the base amount is the amount for the
5 prior year adjusted by the growth rate prescribed by law, subject to
6 appropriation. The base amount and variable amount for each county or
7 counties served shall be funded with state general fund monies, subject to
8 appropriation. The county school superintendent must submit claims for
9 payments to the state superintendent of public instruction. The county
10 school superintendent shall deposit the payments into the detention center
11 education fund.

12 E. The variable amount shall be determined as follows:

13 1. Determine the number of days in the prior fiscal year that each
14 child who had been in the detention center for more than forty-eight hours
15 received an instructional program of at least two hundred forty minutes. No
16 school district may count a child as being in attendance in that school
17 district on a day that the child is counted for the purposes of this
18 paragraph.

19 2. Multiply the number of days determined under paragraph 1 of this
20 subsection by the following amount:

21 (a) For fiscal year 1994-1995, fifteen dollars.

22 (b) For fiscal year 1995-1996 and thereafter, the amount for the prior
23 year adjusted by the growth rate prescribed by law, subject to appropriation.

24 3. For each child with a disability as defined in section 15-761 who
25 had been in the detention center for more than forty-eight hours:

26 (a) Determine the amount prescribed in section 15-1204, subsection E,
27 paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

28 (b) Divide the sum determined under subdivision (a) of this paragraph
29 by one hundred seventy-five.

30 (c) Subtract the amount prescribed in paragraph 2, subdivision (a) or
31 (b) of this subsection from the quotient determined in subdivision (b) of
32 this paragraph.

33 (d) Determine the number of days in the prior fiscal year that the
34 child received an instructional program of at least two hundred forty
35 minutes.

36 (e) Multiply the amount determined in subdivision (d) of this
37 paragraph by the difference determined in subdivision (c) of this paragraph.

38 4. Add the amounts determined in paragraph 3 of this subsection for
39 all children with disabilities.

40 5. Add the sum determined in paragraph 4 of this subsection to the
41 product determined in paragraph 2 of this subsection. This sum is the
42 variable amount.

43 F. If a county detention center education program serves more than one
44 county, the county school superintendents and the presiding juvenile court
45 judges of the counties being served shall agree on a county of jurisdiction.
46 The county school superintendent shall deposit into the detention center
47 education fund of the county of jurisdiction monies that are received from

1 the superintendent of public instruction pursuant to this section for all
2 counties served by the county of jurisdiction.

3 G. If a county operated a juvenile detention center education program
4 through an accommodation school in the year before it begins to operate its
5 juvenile detention center education program as provided in subsection D of
6 this section, for the first year of operation as provided in subsection D of
7 this section, the student count of the accommodation school shall be reduced
8 by the student count attributable to the detention center program. ~~The~~
9 ~~provisions of section 15-942 shall not apply to this reduction in student~~
10 ~~count.~~

11 Sec. 10. Section 15-913.01, Arizona Revised Statutes, is amended to
12 read:

13 15-913.01. Education program: county jails

14 A. Each county that operates a county jail shall offer an education
15 program to serve all prisoners who are under eighteen years of age and
16 prisoners with disabilities who are age twenty-one or younger and who are
17 confined in the county jail. The county school superintendent and the
18 sheriff in each county shall agree on the method of delivery of the education
19 program.

20 B. The county school superintendent shall develop policies and
21 procedures for the transfer of educational records of any prisoner confined
22 in a county jail who has been transferred from a juvenile detention center or
23 from any other public agency which has provided educational services to that
24 prisoner.

25 C. A county may operate its county jail education program through an
26 accommodation school that provides alternative education services pursuant to
27 section 15-308, except that each pupil enrolled in the accommodation school
28 county jail education program shall be funded at an amount equal to
29 seventy-two per cent of the amount for that pupil if that pupil were enrolled
30 in another accommodation school program.

31 D. If a county chooses not to operate its county jail education
32 program through an accommodation school, the county school superintendent may
33 establish a county jail education fund to provide financial support to the
34 program. The county jail education fund for each program shall consist of a
35 base amount plus a variable amount. For fiscal year 1999-2000 the base
36 amount is fourteen thousand four hundred dollars and the variable amount
37 shall be determined pursuant to subsection E of this section. The base
38 amount and variable amount for each county or counties served shall be funded
39 with state general fund monies, subject to appropriation. The county school
40 superintendent must submit claims for payments to the state superintendent of
41 public instruction. The county school superintendent shall deposit the
42 payments into the county jail education fund.

43 E. The variable amount shall be determined as follows:

44 1. Determine the number of days in the prior fiscal year that each
45 pupil who is a prisoner and had been in the county jail for more than
46 forty-eight hours received an instructional program of at least two hundred
47 forty minutes. No school district may count a pupil as being in attendance

1 in that school district on a day that the pupil is counted as a prisoner for
2 the purposes of this paragraph.

3 2. Multiply the number of days determined under paragraph 1 of this
4 subsection by the following amount:

5 (a) For fiscal year 1999-2000, ten dollars eighty cents.

6 (b) For fiscal year 2000-2001 and each year thereafter, the amount for
7 the prior year adjusted by any growth rate prescribed by law, subject to
8 legislative appropriation.

9 3. For each pupil who is a child with a disability as defined in
10 section 15-761, who is a prisoner and who had been in the county jail for
11 more than forty-eight hours:

12 (a) Determine the amount prescribed in section 15-1204, subsection E,
13 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
14 capital outlay costs.

15 (b) Divide the sum determined under subdivision (a) of this paragraph
16 by one hundred seventy-five.

17 (c) Subtract the amount prescribed in paragraph 2 of this subsection
18 from the quotient determined in subdivision (b) of this paragraph.

19 (d) Determine the number of days in the prior fiscal year that the
20 pupil received an instructional program of at least two hundred forty
21 minutes.

22 (e) Multiply the amount determined in subdivision (d) of this
23 paragraph by the difference determined in subdivision (c) of this paragraph.

24 4. Add the amounts determined in paragraph 3 of this subsection for
25 all pupils with disabilities who are prisoners.

26 5. Add the sum determined in paragraph 4 of this subsection to the
27 product determined in paragraph 2 of this subsection. This sum is the
28 variable amount.

29 F. If a county jail education program serves more than one county, the
30 county school superintendents and the sheriffs of the counties being served
31 shall agree on a county of jurisdiction. The county school superintendent
32 shall deposit into the county jail education fund of the county of
33 jurisdiction monies that are received from the superintendent of public
34 instruction pursuant to this section for all counties served by the county of
35 jurisdiction.

36 G. If a county operated a county jail education program through an
37 accommodation school in the year before it begins to operate its county jail
38 education program as provided in subsection D of this section, for the first
39 year of operation as provided in subsection D of this section, the student
40 count of the accommodation school shall be reduced by the average daily
41 membership attributable to the accommodation school's county jail program in
42 its last fiscal year of operation. ~~The provisions of section 15-942 shall~~
43 ~~not apply to this reduction in student count.~~

44 Sec. 11. Repeal

45 Section 15-942, Arizona Revised Statutes, is repealed.

46 Sec. 12. Section 15-943.01, Arizona Revised Statutes, is amended to
47 read:

48 15-943.01. Maintenance and operation budget balance; definition

1 A. The governing board of a school district may budget any budget
2 balance in the maintenance and operation section of the budget, as provided
3 in section 15-903, from the current fiscal year for use in the maintenance
4 and operation section of the budget in the budget year. The amount which may
5 be budgeted as the budget balance carryforward in any one fiscal year shall
6 not exceed four per cent of the school district's revenue control limit, as
7 provided in section 15-947, subsection A, for the current year and shall not
8 include any budget balance attributable to any reduction in the district's
9 general budget limit including reductions for items which are exempt from the
10 revenue control limit and for which expenditures are limited to a designated
11 purpose such as excess insurance costs or excess utility costs or for the
12 bond issues portion of the cost of tuition. ~~A school district may include in~~
13 ~~the budget balance carryforward in any fiscal year up to fifty per cent of~~
14 ~~the unspent proceeds of an override election conducted pursuant to section~~
15 ~~15-482.~~ The amount budgeted as the budget balance carryforward is
16 specifically exempt from the revenue control limit.

17 B. If the actual amount of the allowable budget balance carryforward
18 is less than the amount budgeted for the budget balance carryforward, the
19 governing board shall adjust the general budget limit and expenditures before
20 May 15 based on the actual allowable budget balance carryforward. If the
21 actual amount of the allowable budget balance carryforward is more than the
22 amount budgeted for the budget balance carryforward, the governing board may
23 adjust its budget before May 15 based on the actual amount of the allowable
24 fund balance carryforward. Not later than May 18, the budget as revised
25 shall be submitted electronically to the superintendent of public
26 instruction.

27 C. If the governing board is eligible to budget for a budget balance
28 carryforward as provided in subsection A of this section, the governing board
29 may transfer an amount from the district's ending cash balance of the
30 maintenance and operations fund to the school opening fund. The maximum
31 amount that may be transferred is the lesser of the district's ending cash
32 balance in the maintenance and operations fund or the amount the district is
33 eligible to budget as a budget balance carryforward. The school opening fund
34 is a cash controlled fund as provided in section 15-905, subsection N, and
35 may only be expended for the additional maintenance and operations expenses
36 incurred in the first year of operation of a new school within the school
37 district. The monies in the school opening fund are not subject to
38 reversion, except that at the end of five years of no activity in the fund,
39 any remaining monies shall be reverted to the maintenance and operations
40 fund. Any monies so reverted may be considered additional budget balance for
41 that fiscal year.

42 D. If a governing board transfers monies as provided in subsection C
43 of this section, the amount so transferred in a fiscal year shall be
44 subtracted from the amount the district would otherwise be eligible to budget
45 for that fiscal year as provided in subsection A of this section. The
46 difference, if any, is the maximum amount that may be budgeted for that
47 fiscal year as a budget balance carryforward.

E. For the purposes of this section, "budget balance" means the difference between actual and budgeted expenditures.

Sec. 13. Section 15-945, Arizona Revised Statutes, is amended to read:
15-945. Transportation support level

A. The support level for to and from school for each school district for the current year shall be computed as follows:

1. Determine the approved daily route mileage of the school district for the fiscal year prior to the current year.

2. Multiply the figure obtained in paragraph 1 of this subsection by one hundred eighty.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

Column 1

Column 2

Approved Daily Route
Mileage per Eligible
Student Transported

State Support Level per
Route Mile for
Fiscal Year ~~2007-2008~~ 2008-2009

0.5 or less
More than 0.5 through 1.0
More than 1.0

~~\$2.23~~ \$2.27
~~\$1.81~~ \$1.85
~~\$2.23~~ \$2.27

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

Column 1

Column 2

Column 3

Column 4

Approved Daily Route
Mileage per Eligible
Student Transported

District Type
02 or 03

District Type
04

District Type
05

0.5 or less
More than 0.5 through 1.0
More than 1.0

0.15
0.15
0.18

0.10
0.10
0.12

0.25
0.25
0.30

1 For the purposes of this paragraph, "district type 02" means a unified school
2 district or an accommodation school that offers instruction in grades nine through
3 twelve, "district type 03" means a common school district not within a high school
4 district, "district type 04" means a common school district within a high school
5 district or an accommodation school that does not offer instruction in grades nine
6 through twelve and "district type 05" means a high school district.

7 C. The support level for extended school year services for pupils with
8 disabilities is computed as follows:

9 1. Determine the sum of the following:

10 (a) The total number of miles driven by all buses of a school district
11 while transporting eligible pupils with disabilities on scheduled routes from
12 their residence to the school of attendance and from the school of attendance
13 to their residence on routes for extended school year services in accordance
14 with section 15-881.

15 (b) The total number of miles driven on routes approved by the
16 superintendent of public instruction for which a private party, a political
17 subdivision or a common or a contract carrier is reimbursed for bringing an
18 eligible pupil with a disability from the place of the pupil's residence to a
19 school transportation pickup point or to the school facility of attendance
20 and from the school transportation scheduled return point or from the school
21 facility to the pupil's residence for extended school year services in
22 accordance with section 15-881.

23 2. Multiply the sum determined in paragraph 1 of this subsection by
24 the state support level for the district determined as provided in subsection
25 A, paragraph 5 of this section.

26 D. The transportation support level for each school district for the
27 current year is the sum of the support level for to and from school as
28 determined in subsection A of this section, the support level for academic
29 education, career and technical education, vocational education and athletic
30 trips as determined in subsection B of this section and the support level for
31 extended school year services for pupils with disabilities as determined in
32 subsection C of this section.

33 E. The state support level for each approved route mile, as provided
34 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
35 rate prescribed by law, subject to appropriation.

36 Sec. 14. Section 15-951, Arizona Revised Statutes, is amended to read:

37 15-951. Revenue control limit, capital outlay revenue limit,
38 soft capital allocation, district support level and
39 student count for a common school district not within
40 a high school district

41 A. Notwithstanding section 15-947, the revenue control limit for a
42 common school district not within a high school district is the sum of the
43 following:

44 1. The base revenue control limit computed as prescribed in section
45 15-944 but excluding pupils admitted to another school district as provided
46 in section 15-824, subsection A, paragraph 2.

47 2. The tuition payable for high school pupils who attend school in
48 another school district as provided in section 15-824, subsection A,

1 paragraph 2, including any transportation charge, except as provided in
2 subsection H of this section.

3 3. The transportation revenue control limit for all pupils who reside
4 in the district except those high school pupils transported by another
5 district.

6 B. Notwithstanding subsection A of this section, for the purposes of
7 sections 15-481, ~~15-482~~ and 15-1102, the revenue control limit for a common
8 school district not within a high school district is the sum of the
9 following:

10 1. The base revenue control limit for pupils computed as prescribed in
11 section 15-944 but excluding pupils admitted to another school district as
12 provided in section 15-824, subsection A, paragraph 2.

13 2. The transportation revenue control limit for all pupils who reside
14 in the district except those high school pupils transported by another
15 district.

16 C. Notwithstanding section 15-961, the capital outlay revenue limit
17 for a common school district not within a high school district is the capital
18 outlay revenue limit computed as prescribed in section 15-961 but excluding
19 pupils who are admitted to another school district as provided in section
20 15-824, subsection A, paragraph 2.

21 D. Notwithstanding section 15-962, the soft capital allocation for a
22 common school district not within a high school district is the soft capital
23 allocation computed as prescribed in section 15-962 but excluding pupils who
24 are both admitted to another school district as provided in section 15-824,
25 subsection A, paragraph 2 and not transported by the common school district.

26 E. Notwithstanding section 15-947, the district support level for a
27 common school district not within a high school district is the sum of the
28 following:

29 1. The base support level computed as prescribed in section 15-943 but
30 excluding pupils who are admitted to another school district as provided in
31 section 15-824, subsection A, paragraph 2.

32 2. The tuition payable for high school pupils who are admitted to
33 another school district as provided in section 15-824, subsection A,
34 paragraph 2, including any transportation charge, except as provided in
35 subsection H of this section.

36 3. The transportation support level for all pupils who reside in the
37 school district except those high school pupils transported by another school
38 district.

39 ~~F. For the purpose of determining eligibility to adjust the student~~
40 ~~count as provided in section 15-942, the student count for a common school~~
41 ~~district not within a high school district is the student count for pupils in~~
42 ~~the school district less the student count for pupils enrolled in another~~
43 ~~school district as provided in section 15-824, subsection A, paragraph 2.~~

44 ~~G.~~ F. For the purpose of determining eligibility to increase the
45 revenue control limit and district support level or recompute the revenue
46 control limit as provided in section 15-948, the student count for a common
47 school district not within a high school district is the student count for
48 pupils in kindergarten programs and grades one through twelve, including

pupils enrolled in another school district as provided in section 15-824, subsection A, paragraph 2.

~~H.~~ G. The tuition amount in subsections A and E of this section shall not include amounts per student count for bond issues as prescribed by section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the following:

1. One hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts.

2. Two hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty pupils to other school districts.

3. The actual cost per student count if the pupil's school district of residence pays tuition for more than one thousand pupils to other school districts.

Sec. 15. Section 15-1102, Arizona Revised Statutes, is amended to read:

15-1102. Disposition of proceeds from sale or lease of school property; school plant monies; payment of bonded indebtedness; definition

A. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, may expend the proceeds from the sale or lease of school property for the payment of any outstanding bonded indebtedness of the school district or for the reduction of school district taxes.

B. A common school district or high school district which has an outstanding bonded indebtedness of seven per cent of the current year's assessed valuation or less or a unified school district which has an outstanding bonded indebtedness of fourteen per cent of the current year's assessed valuation or less may expend the proceeds from the sale or lease of school property for maintenance and operation or capital outlay, subject to the following limitations:

1. During the period that proceeds from the sale or lease of school property are used for capital outlay, the school district shall not call an override election to exceed the capital outlay revenue limit, except that during the last year of that period the school district may authorize an override election to exceed the capital outlay revenue limit beginning with the following year.

2. The total sum of the proceeds from the sale of school property before July 1, 1998 or the lease of school property for more than one year expended for maintenance and operation shall not exceed fifteen per cent of the revenue control limit as provided in section 15-947, subsection A in any year of which ten per cent may be used without voter approval and an additional five per cent may be used if the additional amount is approved by a majority of the qualified electors voting in an election called for such purposes. The election shall be conducted and notice and ballots shall be prepared as provided in section 15-481. Proceeds from the sale of school

1 property from and after June 30, 1998 shall not be expended for maintenance
2 and operation.

3 3. In any fiscal year in which a district utilizes budget increases as
4 authorized in section 15-481, subsection E or F ~~or section 15-482~~ or utilizes
5 the proceeds from the sale of school property before July 1, 1998 or the
6 lease of school property for more than one year for maintenance and operation
7 or any combination of these provisions, the total amount of these increases
8 which may be expended is equal to fifteen per cent of the revenue control
9 limit for that year as provided in section 15-947, subsection A, provided
10 that the following maximum amount is attributable to the use of any one
11 provision:

12 (a) Fifteen per cent of the revenue control limit when using the
13 proceeds from the sale before July 1, 1998 or lease of school property for
14 maintenance and operation as provided in this section.

15 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
16 budget increase as provided in section 15-481, subsection E or F, or both.

17 ~~(c) Five per cent of the revenue control limit when using a budget~~
18 ~~increase as provided in section 15-482.~~

19 C. A common school district or high school district which has an
20 outstanding bonded indebtedness of greater than seven per cent of the current
21 year's assessed valuation or a unified school district which has an
22 outstanding bonded indebtedness of greater than fourteen per cent of the
23 current year's assessed valuation may expend the proceeds from the lease or
24 sale of school property as follows:

25 1. For maintenance and operation the expenditure may not exceed the
26 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
27 amount of the proceeds from the lease of school property multiplied by .25.

28 2. For capital outlay, the expenditure of the proceeds:

29 (a) From the sale of school property may not exceed the amount of the
30 proceeds multiplied by .62.

31 (b) From the lease of school property is not limited.

32 D. The governing board, or the superintendent or chief administrative
33 officer with the approval of the governing board, shall promptly deposit
34 monies received for and derived from the sale or lease of school property
35 with the county treasurer who shall establish three school plant funds, one
36 fund for monies received from the sale before July 1, 1998 or lease of school
37 property for more than one year, one fund for monies received from the sale
38 of school property from and after June 30, 1998 and one fund for monies
39 received from the lease of school property for one year or less. The county
40 treasurer shall credit the deposits to the respective school plant fund of
41 the respective school district. Monies placed to the credit of the school
42 plant funds may be expended as provided in this section. The school plant
43 funds are continuing funds not subject to reversion.

44 E. Notwithstanding subsection C of this section, the governing board,
45 or the superintendent or chief administrative officer with the approval of
46 the governing board, may expend the proceeds from the sale before July 1,
47 1998 or lease of school property for the additional maintenance and
48 operations expenses incurred as the result of operating on a year-round

1 school year operation basis pursuant to section 15-855. The amount that the
2 governing board, superintendent or chief administrative officer may expend
3 for a year-round school year operation, as provided in this subsection, is
4 limited to the actual maintenance and operations costs incurred as the result
5 of the year-round school year operation as documented in the school
6 district's budget as provided in section 15-855. A governing board,
7 superintendent or chief administrative officer that utilizes the provisions
8 of this subsection is subject to all other limitations prescribed in this
9 section regarding the expenditure of proceeds from the sale before July 1,
10 1998 or lease of school property.

11 F. Notwithstanding subsections B and D of this section, if the school
12 district electors approve the sale of school property and the use of the
13 proceeds for the purchase of school sites or the construction, improvement or
14 furnishing of school facilities, the proceeds from the sale shall be put in a
15 separate fund for use for the approved purpose as prescribed by the uniform
16 system of financial records. This fund is a continuing fund not subject to
17 reversion, except that after ten years any unexpended monies shall be put in
18 the school plant fund for use as prescribed in this section.

19 G. Proceeds from sales by condemnation or sales under threat of
20 condemnation may be deposited with the county treasurer for deposit in the
21 condemnation fund or the school plant fund of the school district. The
22 condemnation fund is a continuing fund not subject to reversion, except that
23 after ten years any unspent monies shall be placed in the school plant fund
24 to be used as prescribed in this section. The governing board, or the
25 superintendent or chief administrative officer with the approval of the
26 governing board, may apply the proceeds in the condemnation fund to:

27 1. The payment of any outstanding bonded indebtedness of the school
28 district which is payable from the levy of taxes upon property within the
29 school district.

30 2. Construct, acquire, improve, repair or furnish school facilities or
31 sites after notice and a hearing.

32 H. Proceeds from a right-of-way settlement shall be deposited with the
33 county treasurer for deposit in the condemnation fund of the school district.
34 The governing board, or the superintendent or chief administrative officer
35 with the approval of the governing board, shall apply such proceeds in the
36 condemnation fund to construct, acquire, improve, repair or furnish school
37 facilities or sites after notice and a hearing.

38 I. For THE purposes of this section, "capital outlay" means
39 unrestricted capital outlay as prescribed in section 15-903, subsection C.

40 Sec. 16. Section 15-1371, Arizona Revised Statutes, is amended to
41 read:

42 15-1371. Equalization assistance for state educational system
43 for committed youth; state education fund for
44 committed youth

45 A. The superintendent of the state educational system for committed
46 youth shall calculate a base support level as prescribed in section 15-943
47 and a capital outlay revenue limit as prescribed in section 15-961 for the
48 educational system established pursuant to section 41-2831, except that:

1 1. Notwithstanding section 15-901:

2 (a) The student count shall be determined using the following
3 definitions:

4 (i) "Daily attendance" means days in which a pupil attends an
5 educational program for a minimum of two hundred forty minutes not including
6 meal and recess periods. Attendance for one hundred twenty or more minutes
7 but fewer than two hundred forty minutes shall be counted as one-half day's
8 attendance.

9 (ii) "Fractional student" means a pupil enrolled in an educational
10 program of one hundred twenty or more minutes but fewer than two hundred
11 forty minutes a day not including meal and recess periods. A fractional
12 student shall be counted as one-half of a full-time student.

13 (iii) "Full-time student" means a pupil enrolled in an educational
14 program for a minimum of two hundred forty minutes a day not including meal
15 and recess periods.

16 (b) "Seriously emotionally disabled pupils enrolled in a school
17 district program as provided in section 15-765" includes seriously
18 emotionally disabled pupils enrolled in the department of juvenile
19 corrections school system.

20 2. All pupils shall be counted as if they were enrolled in grades nine
21 through twelve.

22 3. The teacher experience index is 1.00.

23 4. The base support level shall be calculated using the base level
24 multiplied by 1.0, except that the state educational system for committed
25 youth is also eligible beginning with fiscal year 1992-1993 for additional
26 teacher compensation monies as specified in section 15-952.

27 5. Section 15-943, paragraph 1 does not apply.

28 B. The superintendent may use sections 15-855, ~~15-942~~ and 15-948 in
29 making the calculations prescribed in subsection A of this section, except
30 that for the 1992-1993 fiscal year rapid decline shall not be used. The
31 superintendent of the system and the department of education shall prescribe
32 procedures for determining average daily attendance and average daily
33 membership.

34 C. Equalization assistance for the state educational system for
35 committed youth for the budget year is determined by adding the amount of the
36 base support level and the capital outlay revenue limit for the budget year
37 calculated as prescribed in subsection A of this section.

38 D. The state educational system for committed youth shall not receive
39 twenty-five per cent of the equalization assistance unless it is accredited
40 by the north central association of colleges and secondary schools.

41 E. The state education fund for committed youth is established. Fund
42 monies shall be used for the purposes of the state educational system for
43 committed youth, and notwithstanding section 35-173, monies appropriated to
44 the fund shall not be transferred to or used for any program not within the
45 state educational system for committed youth. State equalization assistance
46 for the state educational system for committed youth as determined in
47 subsection A of this section, other state and federal monies received from
48 the department of education for the state educational system for committed

1 youth and monies appropriated for the state educational system for committed
2 youth, except monies appropriated pursuant to subsection F of this section,
3 shall be deposited in the fund. The state treasurer shall maintain separate
4 accounts for fund monies if the separate accounts are required by statute or
5 federal law.

6 F. The department of juvenile corrections may seek appropriations for
7 capital needs for land, buildings and improvements, including repairs and
8 maintenance, required to maintain the state educational system for committed
9 youth.

10 G. The state board of education shall apportion state aid and deposit
11 it, pursuant to sections 35-146 and 35-147, in the state education fund for
12 committed youth in an amount as determined by subsection A of this section.
13 The apportionments shall be as follows:

14 1. On July 1, one-third of the total amount to be apportioned during
15 the fiscal year.

16 2. On October 15, one-twelfth of the total amount to be apportioned
17 during the fiscal year.

18 3. On December 15, one-twelfth of the total amount to be apportioned
19 during the fiscal year.

20 4. On January 15, one-twelfth of the total amount to be apportioned
21 during the fiscal year.

22 5. On February 15, one-twelfth of the total amount to be apportioned
23 during the fiscal year.

24 6. On March 15, one-twelfth of the total amount to be apportioned
25 during the fiscal year.

26 7. On April 15, one-twelfth of the total amount to be apportioned
27 during the fiscal year.

28 8. On May 15, one-twelfth of the total amount to be apportioned during
29 the fiscal year.

30 9. On June 15, one-twelfth of the total amount to be apportioned
31 during the fiscal year.

32 H. In conjunction with the department of administration, the
33 superintendent of the state educational system for committed youth shall
34 establish procedures to account for the receipt and expenditure of state
35 education fund for committed youth monies by modifying the current accounting
36 system used for state agencies as necessary.

37 Sec. 17. Section 15-1372, Arizona Revised Statutes, is amended to
38 read:

39 15-1372. Equalization assistance for state educational system
40 for persons in the state department of corrections;
41 fund

42 A. The state department of corrections shall provide educational
43 services for pupils who are under the age of eighteen years and pupils with
44 disabilities who are age twenty-one or younger who are committed to the state
45 department of corrections. The department of education shall provide
46 technical assistance to the state department of corrections on request and
47 shall assist the state department of corrections in establishing program and
48 personnel standards.

1 B. The state education fund for correctional education is established.
2 Subject to legislative appropriation, fund monies shall be used for the
3 purposes of providing education to pupils as specified in subsection A of
4 this section. Notwithstanding section 35-173, monies appropriated to the
5 fund shall not be transferred to or used for any program not directly related
6 to the educational services required by this section. State equalization
7 assistance, other state and federal monies received from the department of
8 education for which the pupils in correctional education programs qualify and
9 monies appropriated for correctional education except monies appropriated
10 pursuant to subsection C of this section shall be deposited in the fund. The
11 state treasurer shall maintain separate accounts for fund monies if the
12 separate accounts are required by statute or federal law.

13 C. The state department of corrections may seek appropriations for
14 capital needs for land, buildings and improvements, including repairs and
15 maintenance, required to maintain the educational services required by this
16 section.

17 D. The state board of education shall apportion state aid and deposit
18 it, pursuant to sections 35-146 and 35-147, in the state education fund for
19 correctional education in an amount as determined by subsection E of this
20 section. The apportionments are as follows:

21 1. On July 1, one-third of the total amount to be apportioned during
22 the fiscal year.

23 2. On October 15, one-twelfth of the total amount to be apportioned
24 during the fiscal year.

25 3. On December 15, one-twelfth of the total amount to be apportioned
26 during the fiscal year.

27 4. On January 15, one-twelfth of the total amount to be apportioned
28 during the fiscal year.

29 5. On February 15, one-twelfth of the total amount to be apportioned
30 during the fiscal year.

31 6. On March 15, one-twelfth of the total amount to be apportioned
32 during the fiscal year.

33 7. On April 15, one-twelfth of the total amount to be apportioned
34 during the fiscal year.

35 8. On May 15, one-twelfth of the total amount to be apportioned during
36 the fiscal year.

37 9. On June 15, one-twelfth of the total amount to be apportioned
38 during the fiscal year.

39 E. The director of the state department of corrections shall calculate
40 a base support level as prescribed in section 15-943 and a capital outlay
41 revenue limit as prescribed in section 15-961 for the educational services
42 required by this section, except that:

43 1. Notwithstanding section 15-901, the student count shall be
44 determined using the following definitions:

45 (a) "Daily attendance" means days in which a pupil attends an
46 educational program for a minimum of one hundred eighty minutes not including
47 meal and recess periods. Attendance for ninety or more minutes but fewer

1 than one hundred eighty minutes shall be counted as one-half day's
2 attendance.

3 (b) "Fractional student" means a pupil enrolled in an educational
4 program of ninety or more minutes but fewer than one hundred eighty minutes
5 per day not including meal and recess periods. A fractional student shall be
6 counted as one-half of a full-time student.

7 (c) "Full-time student" means a pupil enrolled in an educational
8 program for a minimum of one hundred eighty minutes per day not including
9 meal and recess periods.

10 (d) "Pupil with a disability" has the same meaning as child with a
11 disability prescribed in section 15-761.

12 2. All pupils shall be counted as if they were enrolled in grades nine
13 through twelve.

14 3. The teacher experience index is 1.00.

15 4. The calculation for additional teacher compensation monies as
16 prescribed in section 15-952 is available.

17 5. Section 15-943, paragraph 1 does not apply.

18 6. The base support level and capital outlay amounts calculated
19 pursuant to this section shall be multiplied by 0.67.

20 7. The school year shall consist of a period of not less than two
21 hundred eight days.

22 F. The director of the state department of corrections may use
23 sections 15-855, ~~15-942~~ and 15-948 in making the calculations prescribed in
24 subsection E of this section. The director of the state department of
25 corrections and the department of education shall prescribe procedures for
26 calculating average daily attendance and average daily membership.

27 G. Equalization assistance for correctional education programs
28 provided for those pupils specified in subsection A of this section is
29 determined by adding the amount of the base support level and the capital
30 outlay revenue limit for the budget year calculated as prescribed in
31 subsection E of this section.

32 H. The director of the state department of corrections shall keep
33 records and provide information as the department of education requires to
34 determine the appropriate amount of equalization assistance. Equalization
35 assistance shall be used to provide educational services in this section.

36 I. The department of education and the state department of corrections
37 shall enter into an intergovernmental agreement that establishes the
38 necessary accountability between the two departments regarding the
39 administrative and funding requirements contained in subsections A and B of
40 this section. The agreement shall:

41 1. Provide for appropriate education to all committed youths as
42 required by state and federal law.

43 2. Provide financial information to meet requirements for equalization
44 assistance.

45 3. Provide for appropriate pupil intake and assessment procedures.

46 4. Require pupil performance assessment and the reporting of results.

47 Sec. 18. Section 15-2031, Arizona Revised Statutes, is amended to
48 read:

1 15-2031. Building renewal fund; definitions

2 A. A building renewal fund is established consisting of monies
3 appropriated by the legislature. The school facilities board shall
4 administer the fund and distribute monies to school districts for the purpose
5 of maintaining the adequacy of existing school facilities. Monies in the
6 fund ~~are continuously appropriated and~~ are exempt from the provisions of
7 section 35-190 relating to lapsing of appropriations.

8 B. The school facilities board shall inventory and inspect all school
9 buildings in this state in order to develop a database to administer the
10 building renewal formula. The database shall include the student capacity of
11 the building as determined by the school facilities board. The board shall
12 distribute monies from the building renewal fund to school districts in an
13 amount computed pursuant to subsection I of this section **BASED ON THE AMOUNT**
14 **APPROPRIATED AND MAY BE APPORTIONED**. A school district that receives monies
15 from the building renewal fund shall use the monies first for any projects
16 that fall below the minimum school facility adequacy guidelines, as adopted
17 by the school facilities board pursuant to section 15-2011, and that are part
18 of any buildings in the database and second for any other projects that are
19 part of any buildings owned by the school district for any of the following:

- 20 1. Major renovations and repairs of a building.
- 21 2. Upgrading systems and areas that will maintain or extend the useful
22 life of the building.
- 23 3. Infrastructure costs.
- 24 4. Relocation and placement of portable and modular buildings.

25 C. Monies received from the building renewal fund shall be used for
26 primary projects, unless only secondary projects exist.

27 D. Notwithstanding subsections B and C of this section, school
28 districts shall use building renewal monies on secondary projects to comply
29 with building, health, fire or safety codes. Before spending building
30 renewal monies on secondary projects to comply with building, health, fire or
31 safety codes, the school facilities board shall approve the projects.

32 E. Monies received from the building renewal fund shall not be used
33 for any of the following purposes:

- 34 1. New construction.
- 35 2. Remodeling interior space for aesthetic or preferential reasons.
- 36 3. Exterior beautification.
- 37 4. Demolition.
- 38 5. The purchase of soft capital items pursuant to section 15-962,
39 subsection D.

40 6. Routine maintenance except as provided in section 15-2002,
41 subsection K and subsection L of this section.

42 F. The school facilities board shall maintain the building renewal
43 database and use the database for the computation of the building renewal
44 formula distributions. The board shall ensure that the database is updated
45 on at least an annual basis to reflect changes in the ages and value of
46 school buildings. The facilities listed in the database shall include only
47 those buildings that are owned by school districts that are required to meet
48 academic standards. Each school district shall report to the school

1 facilities board no later than September 1 of each year the number and type
2 of school buildings owned by the district, the square footage of each
3 building, the age of each building, the nature of any renovations completed
4 and the cost of any renovations completed. The school facilities board may
5 review or audit, or both, to confirm the information submitted by a school
6 district. The board shall adjust the age of each school facility in the
7 database whenever a building is significantly upgraded or remodeled. The age
8 of a building that has been significantly upgraded or remodeled shall be
9 recomputed as follows:

10 1. Divide the cost of the renovation by the building capacity value of
11 the building determined in subsection I, paragraph 3 of this section.

12 2. Multiply the quotient determined in paragraph 1 of this subsection
13 by the currently listed age of the building in the database.

14 3. Subtract the product determined in paragraph 2 of this subsection
15 from the currently listed age of the building in the database, rounded to the
16 nearest whole number. If the result is negative, use zero.

17 G. The school facilities board shall submit an annual report to the
18 president of the senate, the speaker of the house of representatives, the
19 Arizona state library, archives and public records and the governor by
20 October 1 that includes the computation of the amount of monies to be
21 distributed from the building renewal fund for the current fiscal year. The
22 joint committee on capital review shall review the school facilities board's
23 calculation of the building renewal fund distributions. After the joint
24 committee on capital review reviews the distributions computed by the school
25 facilities board, the school facilities board shall distribute the monies
26 from the building renewal fund to school districts in two equal installments
27 in November and May of each year.

28 H. School districts that receive monies from the building renewal fund
29 shall establish a district building renewal fund and shall use the monies in
30 the district building renewal fund only for the purposes prescribed in
31 subsection B of this section. Ending cash balances in a school district's
32 building renewal fund may be used in following fiscal years for building
33 renewal pursuant to subsection B of this section. By October 15 of each
34 year, each school district shall report to the school facilities board the
35 projects funded at each school in the previous fiscal year with monies from
36 the district building renewal fund, including the amount of expenditures
37 dedicated to primary projects and to secondary projects. On receipt of these
38 reports, the school facilities board shall forward this information to the
39 joint legislative budget committee staff and the governor's office of
40 strategic planning and budgeting staff. Each school district shall also
41 report to the school facilities board an accounting of the monies remaining
42 in the district building renewal fund at the end of the previous fiscal year
43 and a comprehensive three year plan that details the proposed use of building
44 renewal monies. If a school district fails to submit the report by October
45 15, the school facilities board shall withhold building renewal monies from
46 the school district until the school facilities board determines that the
47 school district has complied with the reporting requirement. When the school
48 facilities board determines that the school district has complied with the

1 reporting requirement, the school facilities board shall restore the full
2 amount of withheld building renewal monies to the school district.

3 I. Notwithstanding any other provision of this chapter, if a school
4 district converts space that is listed in the database maintained pursuant to
5 this section to space that will be used for administrative purposes, the
6 school district is responsible for any costs associated with the conversion,
7 maintenance and replacement of that space. The building renewal amount for
8 each school building shall be computed as follows:

9 1. Divide the age of the building as computed pursuant to subsection F
10 of this section by one thousand two hundred seventy-five or, in the case of
11 modular or portable buildings, by two hundred ten.

12 2. Multiply the quotient determined in paragraph 1 of this subsection
13 by 0.67.

14 3. Determine the building capacity value as follows:

15 (a) Multiply the student capacity of the building by the per student
16 square foot capacity established by section 15-2041.

17 (b) Multiply the product determined in subdivision (a) by the cost per
18 square foot established by section 15-2041.

19 4. Multiply the product determined in paragraph 2 of this subsection
20 by the product determined in paragraph 3, subdivision (b) of this subsection.

21 J. If the school facilities board determines that a school district
22 has spent monies from the building renewal fund for purposes other than those
23 prescribed in subsection B of this section, the school facilities board shall
24 notify the superintendent of public instruction. Notwithstanding any other
25 law, the superintendent of public instruction shall withhold a corresponding
26 amount from the monies that would otherwise be due the school district under
27 the capital outlay revenue limit until these monies are repaid.

28 K. Beginning on July 1, 2002, a school district is not entitled to
29 receive monies from the building renewal fund for any buildings that are to
30 be replaced with new buildings that are funded with deficiencies corrections
31 monies. The replacement buildings are not eligible to receive building
32 renewal funding until the fiscal year following the completion of the
33 building.

34 L. Notwithstanding subsections B and E of this section, a school
35 district may use eight per cent of the building renewal amount computed
36 pursuant to subsection I of this section for routine preventative
37 maintenance. The board, after consultation with maintenance specialists in
38 school districts, shall provide examples of recommended services that are
39 routine preventative maintenance.

40 M. A school district that uses building renewal monies for routine
41 preventative maintenance shall use the building renewal monies to supplement
42 and not supplant expenditures from other funds for the maintenance of school
43 buildings. The auditor general shall prescribe a method for determining
44 compliance with the requirements of this subsection. A school district, in
45 connection with any audit conducted by a certified public accountant, shall
46 also contract for an independent audit to determine whether the school
47 district used building renewal monies to reduce the school district's
48 existing level of routine preventative maintenance funding. The auditor

1 general may conduct discretionary reviews of a school district that is not
2 required to contract for an independent audit.

3 N. For the purposes of this section:

4 1. "Primary projects" means projects that are necessary for buildings
5 owned by school districts that are required to meet the academic standards
6 listed in the database maintained pursuant to subsection F of this section
7 and that fall below the minimum school facility adequacy guidelines, as
8 adopted by the school facilities board pursuant to section 15-2011.

9 2. "Routine preventative maintenance" means services that are
10 performed on a regular schedule at intervals ranging from four times a year
11 to once every three years and that are intended to extend the useful life of
12 a building system and reduce the need for major repairs.

13 3. "Secondary projects" means all projects that are not primary
14 projects.

15 4. "Student capacity" has the same meaning prescribed in section
16 15-2011.

17 Sec. 19. Section 15-2104, Arizona Revised Statutes, is amended to
18 read:

19 15-2104. Impact aid revenue bond building and debt service
20 funds

21 A. If a school district issues impact aid revenue bonds under this
22 article, the governing board shall establish:

23 1. An impact aid revenue bond building fund consisting of the net
24 proceeds received from the sale of the bonds. The fund shall be a continuing
25 fund that is not subject to reversion.

26 2. An impact aid revenue bond debt service fund consisting of monies
27 received by the school district from impact aid revenues.

28 B. Monies in the impact aid revenue bond building fund and the impact
29 aid revenue bond debt service fund may be used only for the purposes
30 authorized by this article.

31 C. The school district shall provide the county treasurer with an
32 impact aid revenue bond debt service schedule. The county treasurer shall
33 keep an account of all school district debt service funds that shows the
34 school district to which each fund belongs. The county treasurer shall
35 credit to the impact aid revenue bond debt service fund an amount from impact
36 aid revenues equal to the principal and interest that will become due on the
37 impact aid revenue bonds during the current year. The treasurer shall
38 receive and credit any interest or income earned by the debt service fund.

39 D. Notwithstanding any other provision in this article, the annual
40 payment of principal and interest on impact aid revenue bonds each year shall
41 not exceed seventy-five per cent of the net impact aid revenues of the school
42 district for the current year. For the purposes of this subsection, "net
43 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
44 deducting the sum of the following amounts:

45 1. The amount of any increase in the school district's general budget
46 limit pursuant to section 15-905, subsections K, O and P.

47 2. The amount necessary to fund any budget override adopted pursuant
48 to section 15-481, subsection F, ~~J~~ or ~~M~~ J.

1 3. The amount that would be produced by levying the applicable
2 qualifying tax rate as provided in section 15-971, subsection B, minus the
3 amount levied for primary school district taxes for the year pursuant to
4 section 15-992, except that if the result is a negative number, ~~use~~ **THE**
5 **AMOUNT IS** zero.

6 Sec. 20. Section 41-1276, Arizona Revised Statutes, is amended to
7 read:

8 **41-1276. Truth in taxation levy for equalization assistance to**
9 **school districts**

10 A. On or before February 15 of each year, the joint legislative budget
11 committee shall compute and transmit the truth in taxation rates for
12 equalization assistance for school districts for the following fiscal year
13 to:

14 1. The chairmen of the house of representatives ways and means
15 committee and the senate finance committee or their successor committees.

16 2. The chairmen of the appropriations committees of the senate and the
17 house of representatives or their successor committees.

18 B. The truth in taxation rates consist of the qualifying tax rate for
19 a high school district or a common school district within a high school
20 district that does not offer instruction in high school subjects pursuant to
21 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
22 unified district, a common school district not within a high school district
23 or a common school district within a high school district that offers
24 instruction in high school subjects pursuant to section 15-971, subsection B,
25 paragraph 2 and a state equalization assistance property tax rate pursuant to
26 section 15-994 that will offset the change in net assessed valuation of
27 property that was subject to tax in the prior year.

28 C. The joint legislative budget committee shall compute the truth in
29 taxation rates as follows:

30 1. Determine the statewide primary net assessed value for the
31 preceding tax year as provided in section 42-17151, subsection A,
32 paragraph 3.

33 2. Determine the statewide primary net assessed value for the current
34 tax year, excluding the net assessed value of property that was not subject
35 to tax in the preceding year.

36 3. Divide the amount determined in paragraph 1 of this subsection by
37 the amount determined in paragraph 2 of this subsection.

38 4. Adjust the qualifying tax rates and the state equalization
39 assistance property tax rate for the current fiscal year by the percentage
40 determined in paragraph 3 of this subsection in order to offset the change in
41 net assessed value.

42 D. Except as provided in subsections E and G of this section, the
43 qualifying tax rate for a high school district or a common school district
44 within a high school district that does not offer instruction in high school
45 subjects, the qualifying tax rate for a unified school district, a common
46 school district not within a high school district or a common school district
47 within a high school district that offers instruction in high school subjects
48 and the state equalization assistance property tax rate for the following

1 fiscal year shall be the rate determined by the joint legislative budget
2 committee pursuant to subsection C of this section. The committee shall
3 transmit the rates to the superintendent of public instruction and the county
4 boards of supervisors by March 15 each year.

5 E. If the legislature proposes either qualifying tax rates or a state
6 equalization assistance property tax rate that exceeds the truth in taxation
7 rate:

8 1. The house of representatives ways and means committee and the
9 senate finance committee or their successor committees shall hold a joint
10 hearing on or before February 28 and publish a notice of a truth in taxation
11 hearing that meets the following requirements:

12 (a) The notice shall be published twice in a newspaper of general
13 circulation in this state that is published at the state capital. The first
14 publication shall be at least fourteen but not more than twenty days before
15 the date of the hearing. The second publication shall be at least seven but
16 not more than ten days before the date of the hearing.

17 (b) The notice shall be published in a location other than the
18 classified or legal advertising section of the newspaper.

19 (c) The notice shall be at least one-fourth page in size and shall be
20 surrounded by a solid black border at least one-eighth inch in width.

21 (d) The notice shall be in the following form, with the "truth in
22 taxation hearing - notice of tax increase" headline in at least eighteen
23 point type:

24 Truth in Taxation Hearing

25 Notice of Tax Increase

26 In compliance with section 41-1276, Arizona Revised
27 Statutes, the state legislature is notifying property taxpayers
28 in Arizona of the legislature's intention to raise the property
29 tax levy over last year's level.

30 The proposed tax increase will cause the taxes on a
31 \$100,000 home to increase by \$_____.

32 All interested citizens are invited to attend a public
33 hearing on the tax increase that is scheduled to be held
34 _____ (date and time) at _____ (location).

35 (e) For purposes of computing the tax increase on a one hundred
36 thousand dollar home as required by the notice, the joint meeting of the
37 house of representatives ways and means committee and the senate finance
38 committee or their successor committees shall consider the difference between
39 the truth in taxation rate and the proposed increased rate.

40 2. The joint meeting of the house of representatives ways and means
41 committee and the senate finance committee or their successor committees
42 shall consider any motion to recommend the proposed tax rates to the full
43 legislature by roll call vote.

44 F. In addition to publishing the truth in taxation notice under
45 subsection E, paragraph 1 of this section, the joint meeting of the house of
46 representatives ways and means committee and the senate finance committee or
47 their successor committees shall issue a press release containing the truth
48 in taxation notice.

1 G. Notwithstanding any other law, the legislature shall not adopt a
2 state budget that provides for either qualifying tax rates pursuant to
3 section 15-971 or a state equalization assistance property tax rate pursuant
4 to section 15-994 that exceeds the truth in taxation rates computed pursuant
5 to subsection A of this section unless the rates are adopted by a concurrent
6 resolution approved by an affirmative roll call vote of two-thirds of the
7 members of each house of the legislature before the legislature enacts the
8 general appropriations bill. If the resolution is not approved by two-thirds
9 of the members of each house of the legislature, the rates for the following
10 fiscal year shall be the truth in taxation rates determined pursuant to
11 subsection C of this section and shall be transmitted to the superintendent
12 of public instruction and the county boards of supervisors.

13 H. Notwithstanding subsection C of this section and if approved by the
14 qualified electors voting at a statewide general election, the legislature
15 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
16 school district or \$4.253 for a unified school district. The legislature
17 shall not set a county equalization assistance for education rate that
18 exceeds \$0.5123.

19 I. Pursuant to subsection C of this section, the qualifying tax rate
20 in tax year ~~2007~~ 2008 for a high school district or a common school district
21 within a high school district that does not offer instruction in high school
22 subjects as provided in section 15-447 is ~~\$1.6020~~ \$1.4622 and for a unified
23 school district, a common school district not within a high school district
24 or a common school district within a high school district that offers
25 instruction in high school subjects as provided in section 15-447 is ~~\$3.2040~~
26 \$2.9244. The state equalization assistance property tax rate in tax years
27 2006, 2007 and 2008 is zero. The state equalization assistance property tax
28 rate in tax year 2009 shall be computed by annually adjusting the tax year
29 2005 rate of \$0.4358 as provided by this section through tax year 2009.

30 Sec. 21. Laws 2008, chapter 53, section 24 is amended to read:

31 Sec. 24. Reduction in school district state aid apportionment;
32 fiscal year 2007-2008

33 A. Notwithstanding any other law, the state board of education shall
34 defer until August 1, 2008 ~~\$272,000,000~~ \$322,000,000 of the basic state aid
35 and additional state aid payment that otherwise would be apportioned to
36 school districts under that law on June 15, 2008.

37 B. The funding deferral required by this section does not apply to
38 charter schools.

39 Sec. 22. Laws 2008, chapter 53, section 25 is amended to read:

40 Sec. 25. Appropriations; school districts; disbursements

41 A. The sum of ~~\$272,000,000~~ \$322,000,000 is appropriated in fiscal year
42 2008-2009 from the state general fund to the state board of education and
43 superintendent of public instruction for basic state aid and additional state
44 aid entitlement for fiscal year 2008-2009. This appropriation shall be
45 disbursed on August 1, 2008 to the several counties for the school districts
46 in each county in amounts equal to the reductions in apportionment of basic
47 state aid and additional state aid that are required pursuant to section ~~23~~
48 24 of this act for fiscal year 2007-2008.

1 B. The sum of ~~\$627,700~~ \$743,100 is appropriated in fiscal year
2 2008-2009 from the state general fund to the state board of education and the
3 superintendent of public instruction for any costs to school districts that
4 may be associated with the reductions in apportionment of basic state aid and
5 additional state aid for fiscal year 2007-2008 that are required pursuant to
6 section ~~23~~ 24 of this act. This appropriation shall be disbursed on August
7 1, 2008 to the several counties for the school districts in each county and
8 shall be allocated based on the per cent of the total ~~\$272,000,000~~
9 \$322,000,000 deferred payment for fiscal year 2007-2008 that is attributable
10 to each individual school district.

11 C. Notwithstanding any provision of law, for fiscal year 2008-2009, if
12 the governing board of a school district incurred interest expenses for
13 registering warrants in fiscal year 2007-2008 or expects to incur interest
14 expenses for registering warrants in fiscal year 2008-2009 pursuant to
15 section ~~23~~ 24 of this act, the governing board may budget an estimated amount
16 for those interest expenses. Any such amount is specifically exempt from the
17 revenue control limit in fiscal year 2008-2009. If the budgeted estimate
18 amount is greater than the amount received pursuant to subsection B of this
19 section, the governing board shall not expend more than the amount received
20 pursuant to subsection B of this section. If the budgeted estimate amount is
21 less than the amount received pursuant to subsection B of this section, the
22 governing board may revise its budget during fiscal year 2008-2009 to include
23 the actual amount received pursuant to subsection B of this section and shall
24 not expend more than the amount received pursuant to subsection B of this
25 section.

26 Sec. 23. Desegregation budget; limit

27 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
28 amount that a school district may budget for desegregation activities for
29 fiscal year 2008-2009 shall be the amount that is budgeted for desegregation
30 activities for fiscal year 2007 2008.

31 Sec. 24. Career ladder programs; inflation increase; offset

32 Notwithstanding section 15-918.04, Arizona Revised Statutes, in fiscal
33 year 2008-2009 the department of education shall subtract from the base
34 support level of each school district that participates in the career ladder
35 program an amount equal to two per cent of the base support level increase
36 that it otherwise would receive pursuant to that section.

37 Sec. 25. Joint technological education district equalization
38 funding; pro rata reduction

39 A. Notwithstanding section 15-393, Arizona Revised Statutes, as
40 amended by this act, or any other law, the department of education shall fund
41 state aid for joint technological education districts for fiscal year
42 2008-2009 at ninety-one per cent of the amount that otherwise would be
43 provided by law.

44 B. Notwithstanding subsection A of this section, a joint technological
45 education district shall not receive less equalization formula funding for
46 fiscal year 2008-2009 than it received for fiscal year 2007-2008 except for
47 reductions due to changes in student counts, net assessed property values or
48 other technical factors or due to prior year adjustments or corrections. For

1 the purposes of this subsection, "equalization formula funding" means the sum
2 of a joint technological education district's base support level, as
3 prescribed in section 15-943.02, Arizona Revised Statutes, and its capital
4 outlay revenue limit and soft capital allocation, as prescribed in section
5 15-962.01, Arizona Revised Statutes.

6 Sec. 26. Reduction in school district state aid apportionment;
7 fiscal year 2008-2009; appropriations in fiscal year
8 2009-2010

9 A. Notwithstanding any other law, the state board of education shall
10 defer until August 1, 2009 \$322,000,000 of the basic state aid and additional
11 state aid payment that otherwise would be apportioned to school districts
12 under law on June 15, 2009. The funding deferral required by this subsection
13 does not apply to charter schools.

14 B. The sum of \$322,000,000 is appropriated in fiscal year 2009-2010
15 from the state general fund to the state board of education and the
16 superintendent of public instruction for basic state aid and additional state
17 aid entitlement for fiscal year 2009-2010. This appropriation shall be
18 disbursed on August 1, 2009 to the several counties for the school districts
19 in each county in amounts equal to the reductions in apportionment of basic
20 state aid and additional state aid that are required pursuant to subsection A
21 for fiscal year 2008-2009.

22 C. The sum of \$743,100 is appropriated in fiscal year 2009-2010 from
23 the state general fund to the state board of education and the superintendent
24 of public instruction for any costs to school districts that may be
25 associated with the reductions in apportionment of basic state aid and
26 additional state aid for fiscal year 2008-2009 that are required pursuant to
27 subsection A. This appropriation shall be disbursed on August 1, 2009 to the
28 several counties for the school districts in each county and shall be
29 allocated based on the per cent of the total \$322,000,000 deferred payment
30 for fiscal year 2008-2009 that is attributable to each individual school
31 district.

32 D. Notwithstanding any provision of law, for fiscal year 2009-2010, if
33 the governing board of a school district incurred interest expenses for
34 registering warrants in fiscal year 2008-2009 or expects to incur interest
35 expenses for registering warrants in fiscal year 2009-2010 pursuant to
36 subsection A, the governing board may budget an estimated amount for those
37 interest expenses. Any such amount is specifically exempt from the revenue
38 control limit in fiscal year 2009-2010. If the budgeted estimate amount is
39 greater than the amount received pursuant to subsection C, the governing
40 board shall not expend more than the amount received pursuant to
41 subsection C. If the budgeted estimate amount is less than the amount
42 received pursuant to subsection C, the governing board may revise its budget
43 during fiscal year 2009-2010 to include the actual amount received pursuant
44 to subsection C and shall not expend more than the amount received pursuant
45 to subsection C.

46 E. School districts shall include in the revenue estimates that they
47 use for computing their tax rates for fiscal year 2008-2009 the monies that
48 they will receive pursuant to subsection C.

1 Sec. 27. Audits; average daily membership

2 For fiscal year 2008-2009, the department of education or the office of
3 the auditor general may conduct average daily membership audits of school
4 districts and charter schools.

5 Sec. 28. New construction moratorium

6 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised
7 Statutes, for fiscal year 2008-2009, the school facilities board shall not
8 authorize or award funding for the design or construction of any new school
9 facility. Additionally in fiscal year 2008-2009, the school facilities board
10 shall not authorize or award funding for school site acquisitions.

11 B. During fiscal year 2008-2009, school districts shall submit capital
12 plans according to section 15-2041, subsection C, Arizona Revised Statutes.
13 The school facilities board may review and award new school facilities as
14 outlines in section 15-2041, Arizona Revised Statutes, subject to future
15 appropriations.

16 Sec. 29. School facilities board lease-to-own

17 Notwithstanding section 15-2004, subsection M, section 15-2005,
18 subsection M and section 15-2006, Arizona Revised Statutes, the school
19 facilities board shall enter into lease-to-own transactions for up to a
20 maximum of \$501,000,000 in fiscal year 2008-2009. Of this amount,
21 \$318,000,000 shall be recouped from fiscal year 2007-2008 expenditures. The
22 lease-to-own transactions shall not mature at any time after ten years from
23 the date of the transaction and shall not prohibit early repayment.

24 Sec. 30. Grant; union high school district; capital facilities

25 Notwithstanding any other law, the school facilities board shall
26 distribute \$3,000,000 from the building renewal fund to a school district to
27 fund capital facilities costs if the school district meets all of the
28 following criteria:

29 1. The school district applied for emergency deficiencies funding
30 provided by section 15-2022, Arizona Revised Statutes, prior to June 30, 2008
31 for existing facilities and the school facilities board denied the request.

32 2. The school district is a union high school district that is located
33 in a county with a population that exceeds one million five hundred thousand
34 persons.

35 3. The school district's student count for the 2006-2007 school year
36 was more than twelve thousand five hundred pupils and less than fourteen
37 thousand pupils.

38 4. The school district will combine the grant amount pursuant to this
39 subsection with other capital monies to fund the project.

40 Sec. 31. Building renewal fund appropriation

41 Notwithstanding section 15-2031, Arizona Revised Statutes, as amended
42 by this act, the appropriation from the state general fund to the building
43 renewal fund for fiscal year 2008-2009 shall be as specified in the general
44 appropriations act.

45 Sec. 32. Savings clause

46 A. This act does not affect any special budget overrides pursuant to
47 section 15-482, Arizona Revised Statutes, as repealed by this act, that were
48 approved by the qualified electors of a school district before the effective

1 date of this act. Special budget overrides pursuant to section 15-482,
2 Arizona Revised Statutes, as repealed by this act, that were approved by the
3 qualified electors of a school district before the effective date of this act
4 shall continue for the duration previously authorized by the qualified
5 electors or until the qualified electors of the school district subsequently
6 approve a budget increase in an amount not to exceed fifteen per cent of the
7 revenue control limit as prescribed in section 15-481, subsection G, Arizona
8 Revised Statutes, as amended by this act, whichever occurs first.

9 B. Beginning on the effective date of this act, no school district may
10 conduct an election after the effective date of this act to submit a request
11 to the qualified electors of a school district to approve a special budget
12 override pursuant to section 15-482, Arizona Revised Statutes, as repealed by
13 this act, or submit a request to the qualified electors of a school district
14 to approve the extension of a previously authorized special budget override
15 pursuant to section 15-482, Arizona Revised Statutes, as repealed by this
16 act.

17 Sec. 33. Override election procedures for fiscal year 2008-2009

18 Notwithstanding any other law, for fiscal year 2008-2009:

19 1. A school district may conduct an election on the second Tuesday in
20 March 2009 to submit a proposed budget increase to the qualified electors in
21 an amount not to exceed fifteen per cent of the revenue control limit as
22 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
23 amended by this act. Override elections conducted in subsequent fiscal years
24 shall be as prescribed by statute. If a fifteen per cent increase is
25 approved by the qualified electors of the school district, the fifteen per
26 cent increase shall replace any previously authorized increases approved by
27 the qualified electors pursuant to section 15-481, subsection E or F, Arizona
28 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
29 Statutes, as repealed by this act.

30 2. If the qualified electors in a school district approve a proposed
31 budget increase in an amount not to exceed ten per cent of the revenue
32 control limit in an election conducted on the first Tuesday in November 2008,
33 a school district may subsequently conduct an election on the second Tuesday
34 in March 2009 to submit a proposed budget increase to the qualified electors
35 in an amount not to exceed an additional five per cent of the revenue control
36 limit. Override elections conducted in subsequent fiscal years shall be as
37 prescribed by statute.

38 3. If the qualified electors of a common school district have
39 approved both a budget increase that is still in effect on the effective date
40 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
41 Statutes, as amended by this act, and a budget increase that is still in
42 effect on the effective date of this act pursuant to section 15-482, Arizona
43 Revised Statutes, as repealed by this act, the common school district may
44 call an election on the second Tuesday in March 2009 to submit a proposed
45 budget increase to the qualified electors in an amount not to exceed
46 seventeen per cent of the revenue control limit. If a seventeen per cent
47 increase is approved by the qualified electors of the school district, the
48 seventeen per cent increase shall replace any previously authorized increases

1 approved by the qualified electors pursuant to section 15-481, subsection E
2 or F, Arizona Revised Statutes, as amended by this act, and section 15-482,
3 Arizona Revised Statutes, as repealed by this act. If approved by the
4 qualified electors, the common school district may continue to budget the
5 amount not to exceed seventeen per cent of the revenue control limit for the
6 remaining number of years of the override previously approved pursuant to
7 section 15-482, Arizona Revised Statutes, as repealed by this act. On the
8 expiration of the override previously approved pursuant to section 15-482,
9 Arizona Revised Statutes, as repealed by this act, override elections
10 conducted in subsequent fiscal years shall be as prescribed by statute.

11 Sec. 34. Emergency

12 This act is an emergency measure that is necessary to preserve the
13 public peace, health or safety and is operative immediately as provided by
14 law."

15 Amend title to conform

RUSSELL K. PEARCE

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C: mu